FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Japan: And now for the next miracle, Page 15

World News

Heavy rains cause flood chaos in Europe

Heavy rains in Europe caused flooding, landslides and at least seven deaths - and washed away a major rail route between Marseilles and Grenoble.

More than 20,000 people were evacuated from the flood-stricken Adda River valley in northern Italy; the central Swiss canton of Uri was virtually cut off from the rest of the country, and the Gotthard rail tunnel which links northern and southern Europe through the Alps was closed.

Aquino backs down

Philippines President Corazon Aquino bowed to public pressure and partially reversed fuel price increases but leftwing union leaders said a general strike today would still go on. Page 16

Afghan deadline

Specific dates for the withdrawal of Soviet troops from Afghanistan will be set at the next round of Geneva talks on ending the Afghan conflict, Soviet Deputy Foreign Minister Igor Rogachev said.

French N-plant leak

Radioactive water escaped from the Dampierre-en-Burly nuclear power station in France. The Health Ministry said the leak was plugged without any safety problems developing.

Soviet prices warning

Soviet citizens could expect consumer prices to rise rapidly from 1990 when radical reform of a system of state subsidies would begin, the State Committee for Prices chief said.

Sulphur pollution pact

An international agreement aimed at reducing air pollution by curbing sulphur emitted by industrial plants will come into effect on September 2 following ratification by 16 states, the UN announced.

Lima bomb blast

About 300 guests were evacuated from a hotel in Lima, Peru after a bomb exploded in an underground car park. No one was injured in the blast.

Italy 'turns back Poles'

Poland complained that Italy had refused entry to dozens of Polish tourists in a bid to stop an influx of thousands of asylum seekers, and threatened to take retaliatory action.

Sri Lanka seeks aid

Sri Lanka appealed for overseas aid to rebuild regions ravaged by its four-year war against Tamil separatist guerrillas.

Sudanese accord

Sudanese rebels and southern politicians signed an accord calling for the repeal of Islamic law and the abrogation of Sudan's defence agreements with Egypt and Libya.

Angola death toll

Unita rebels in Angola said they had killed 49 government troops and sabotaged a key military airport at Menongue, south-east Angola, in recent attacks.

Forbidden City blaze

Firemen took three hours to extinguish a blaze in a hall of Peking's ancient Forbidden City, in the heart of Peking, after lightning struck a dragon's head mounted on a rooftop.

Mushroom alert

Wild mushrooms in Belgium and Luxembourg were found to contain dangerously high levels of radioactive caesium 16 months after the Chernobyl disaster and Luxembourg banned the sale of one type of mushroom.

Super telescope

A West German consortium is to build a "super telescope," with a mirror 12m in diameter, more than twice the size and six times as powerful as the largest in existence.

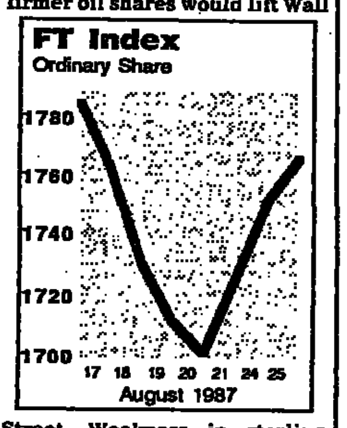
Business Summary

UK drinks group sells 12% stake in Bacardi

ALLIED-LYONS, UK food and drinks group, has sold back a 12 per cent holding in Bacardi, the privately held Bermuda-based white spirits group, for $200m. The shareholding was held by Hiram Walker, the Canadian drinks company controlled by Allied Lyons. Page 5

GILLETTE, US toiletries group, has rebuffed Ronald Perelman's third attempt in nine months to acquire it, but the New York investor, a veteran of other long and acrimonious takeover battles, has vowed to keep fighting. Page 17

LONDON: After a lower opening, UK equities turned upwards as the market sensed that firmer oil shares would lift Wall Street. Weakness in sterling boosted export-oriented issues. The FT-SE 100 index rose 23 to 2,248.1 and the FT Ordinary index gained 16.4 to 1,768.5. Details Page 32



TOKYO: Investors remained sidelined by uncertainty on the foreign exchange market and prices moved lower despite small-lot buying in high technology and biotechnologies. The Nikkei stock index lost 110.94 to 25,643.39. Page 36

WALL STREET: By 2pm the Dow Jones industrial average was up 34.12 at 2,731.18. Page 36

GOLD fell in London to close at $458.25 ($459.75); in Zurich it fell to $458.55 ($460.75). Page 24

DOLLAR rose in London to DM1.8230 (DM1.8160); to Y143.20 (Y141.95); to SFR1.5035 (SFr1.4965); and to FFr6.0950 (FFr6.0725). On Bank of England figures the dollar's exchange rate index rose 0.3 to 101.4. Page 25

STERLING fell in London to $1.6185 ($1.6310); to Y231.75 (Y231.50); but fell to DM2.95 (DM2.9625); and to SFr2.4325 (SFr2.44). The pound's exchange rate index fell 0.2 to 72.2. Page 25

OIL PRICES steadied as Opec said its pricing and production committees would meet early next month to discuss the recent infringement of production quotas by member countries. Page 16

AGA, Swedish industrial gas company, reported a 22 per cent increase in profits after financial items to SKr540m ($84.5m) during the first six months, against SKr443m a year ago. The results were helped by the stronger performance of Aga's gas, energy and commercial freezing operations. Page 19

NORSK DATA, Norwegian mini-computer group, increased its first half-year profits before year-end allocations and taxation by 8 per cent to NKr179m ($26.7m) from NKr165m in the same period 1986. Page 19

BANK OF MONTREAL, the second largest of the major Canadian banks, announced a heavy third quarter loss yesterday after taking into account a C$753m(US$556.8m) charge related to a sharp rise in its Third World loan loss provisions. Page 17

F.HOFFMANN-LA ROCHE, Swiss chemical concern, has set up a joint-venture company with the Japanese Sumitomo group to operate clincial testing laboratories in Japan. Page 19

DEERE and Company, leading US manufacturer of agricultural and construction equipment, made net profits of $25.5m or 38 cents per share in the third quarter, compared with a loss of $33.8m or 50 cents last year. Page 17

US modifies stance on safeguards for missile limitation

BY LIONEL BARBER IN WASHINGTON

THE US yesterday made proposals at the Geneva arms talks with the Soviet Union which Washington said would simplify, but not soften, demands for strict safeguards against cheating on a medium-range missile treaty.

US officials said the modified verfication measures were a response to Moscow's announcement last month that it would agree to the global elimination of all medium and shorter-range nuclear weapons, the "double zero option".

Mr Terry Shroeder, a spokesman for the American arms control delegation in Geneva, rejected a Washington newspaper report that the new measures amounted to a softening of the US position on verification. "We have said all along that in the context of global double zero, verification could be simplified".

He declined to elaborate on the US proposals but said: "Although simplified, (they) will be the most stringent ever proposed in any US-Soviet negotiations and will include on-site inspection. In a nutshell, the verification regime we are proposing will provide effective verification under a global double-zero agreement".

In Washington, arms control observers said that the new measures appeared to dilute long-standing Pentagon demands for sweeping verification provisions to test Moscow's compliance with a future arms deal.

Some US and West European intelligence officials had voiced fears about Soviet demands for mandatory access to sensitive military and production sites, and the new US position took this into account, a diplomat said.

The proposed US changes amend earlier requests by Washington for continuous on-site inspection of production, assembly and maintenance plants for missiles.

Western diplomats said in Washington that the proposals were not definitive and would be subject to negotiation in the run-up to next month's planned meeting in Washington between Mr George Shultz, US Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister.

The Shultz-Shevardnadze meeting on September 15-17 is widely seen as an attempt by both the US and the Soviet Union to lay the groundwork for a summit between President Ronald Reagan and Mr Gorbachev in Washington later this year.

Moscow seeks UN special session

Soviet leader Mikhail Gorbachev proposed a special session of the United Nations Security Council to discuss disarmament and economic problems. It would be attended by the top leaders of the 15 member states.

A conference on the subject on Monday was boycotted by the US, which argues that the two issues are not interlinked, Page 16

International banks place £5bn Eurotunnel loans

BY ANDREW TAYLOR IN LONDON

UNDERWRITING arrangements for £5bn ($8.1bn) of bank loans and standby credits for the Channel tunnel project have been completed with 50 international banks, Eurotunnel, the Anglo-French consortium behind the project, announced yesterday.

The completion of the underwriting details means Eurotunnel can proceed with plans for a £750m international share issue, expected to take place in late November.

The loan agreement reached with the banks is conditional upon the autumn share issue succeeding.

Mr Alastair Morton, Eurotunnel's British joint chairman, said five arranging banks - National Westminster and Midland of Britain and Banque Indosuez, Banque Nationale de Paris and Credit Lyonnais of France - had informed the consortium on Monday that underwriting arrangements were in place. The agreement is due to be officially signed in the next few days.

The loans, repayable over 18 years, will carry an interest charge of 1.25 percentage points above the London inter-bank offered rate (Libor) during construction, and 1 percentage point above Libor after the tunnel's planned opening in 1993.

Mr Morton said it was likely that the loans would be refinanced within the first two years of the tunnel's operations.

The underwriting banks, including more than a dozen Japanese, will in the next few weeks seek to syndicate the loan package by selling down some of their commitments to between 150 and 250 international banks.

A series of international seminars in 14 countries has been organised by Eurotunnel and the arranging banks to support the syndication effort.

Seminars lasting between four and eight hours, hosted by Mr Morton and Mr Andre Benard, Eurotunnel's French chairman, will take place in London, Paris, New York, Bahrain, Amsterdam, Frankurt, Brussels and Tokyo. The "international roadshows" start in Oslo on Thursday and will finish in Toronto on September 11.

The underwriting agreement includes a strong commitment from Japanese banks which have agreed to underwrite £1.44bn, or 29 per cent, of the £5bn package.

Five British and five French banks have agreed between them to underwrite £1.23bn, representing just under one-quarter of the loans and standby credits. Citibank and Security Pacific National Bank of California were the only two US banks to support the underwriting.

German, Italian, Arab, Canadian, Swiss and Belgium banks are also included among the underwriters.

Bankers, faced with problems over Third World debts, have welcomed the opportunity to back a first world project, even though the British and French Governments have refused to provide financial guarantees to lenders and investors.

Japanese banks in particular have been impressed by the tunnel, which they believe will dominate one of the world's busiest trade routes and has strong political backing, despite the lack of financial guarantees from two of the world's richest economies.

A London manager of one of the Japanese underwriting banks said: "You drive down to Dover and see the queues of

Lex Page 16

Continued on Page 16

Guinness Peat rejects £338m takeover bid from Equiticorp

BY TERRY POVEY IN LONDON

EQUITICORP of New Zealand yesterday launched a 110p a share bid for Guinness Peat Group valuing the UK banking and fund management group at £338m ($547.5m).

Guinness Peat has rejected the bid and given details of controversial proposals to buy-in a management team to run its merchant banking division, Guinness Mahon, which appears to have provoked the conflict with its major shareholder.

Equiticorp, which through subsidiaries has spent £120m building up a 35.6 per cent stake in Guinness Peat, is strongly opposed to this scheme and is demanding that it be put to shareholders.

Last Thursday the New Zealand group obtained an interim injunction blocking the management plan and appealed unsuccesfully to the City of London's Takeover Panel to prevent it being implemented while a bid was a possibility.

Yesterday, Guinness Peat gave full details of the buy-in plan for the first time. A team of eight bankers, led by Lord Euston and Mr Hamish Leslie Melville, and backed by two institutions, is being offered a 5 per cent stake in Guinness Mahon for £3.25m. Over an seven year period this holding could increased to 50 per cent, but Guinness Peat would always have the right to buy out the management stake.

The difference between Guinness Peat and Equiticorp centres on the buy-out price for the half stake. The New Zealand company believes that up to £50m could be paid out under the agreed formula, but Guinness Peat says that if the profits produced by the new team led to Guinness Mahon increasing in value that much then this would be a good deal for all concerned.

Until recently most of the eight bankers worked for Enskilda Securities, the London equity and investment banking subsidiary of the Swedish bank. The complex Guinness Mahon package - essentially a performance related scheme dressed up as an executive equity plan - put together with Guinness Peat - is not dissimilar to the arrangements Lord Euston and Mr Leslie Melville and others had at Enskilda. About a year ago it cost the Swedish parent some £11m to buy the London minority.

Equiticorp remains adamant in its opposition to this plan and, as well as launching its bid, has called for an extraordinary meeting of shareholders to block any selling-off of parts of Guinness Mahon. Replying to suggestions that this was not a serious bid, the New Zealand finance and investment group said yesterday: "We are deadly serious - two of three major shareholders in Guinness Peat have already sold to us for 110p and every one knows that we are the only act in town as far as these shares are concerned."

Lex, Page 16; Analysis, Page 21

Arab states warn Iran to call off threats in the Gulf

BY ANDREW GOWERS IN TUNIS

TWENTY-ONE Arab states yesterday warned Iran that they will review their relations with it next month if it continues to threaten Arab Gulf states. They will try to convene an extraordinary Arab summit on the Gulf.

The resolution, from an emergency meeting of Arab League foreign ministers in Tunis, effectively papered over continuing deep divisions between them over how to deal with what many Arab states regard as an Iranian threat after Syria doggedly opposed any moves to isolate Iran.

But the resolution, whose substantive points were adopted unanimously, with minor reservations by a number of member states, represents the toughest position the regional organisation has so far taken over the Gulf conflict. It reflects the alarm of its two wealthiest members, Kuwait and Saudi Arabia, at the possibility that they might become sucked into the war.

Meanwhile, at a press conference in Jeddah yesterday, Prince Naif bin Andel Aziz, the Saudi Arabian Interior Minister, gave a lengthy account of the kingdom's decision to give wide coverage to the recent clashes in Mecca between Iranian demonstrators and the Saudi police.

The Prince laid blame for the disturbances, in which Saudi authorities claimed 402 people died, on Iran, which he said had "prearranged" them to disturb the peace of the pilgrimage and to challenge Saudi authority over the holy places of Islam. Prince Naif said Saudi Arabia would be prepared to attend an Islamic summit examining the events at Mecca, provided that the summit confined itself to discussing Iranian sedition and did not touch on matters affecting Saudi Arabia's internal affairs or sovereignty.

In Tunis, the foreign ministers shelved an earlier proposal, drafted by a committee of officials from seven countries, calling on Arab states to break off all relations with Iran unless it made peace with Iraq and stopped threatening Baghdad's Gulf allies.

However, they did agree to keep the issue alive by technically remaining in session until a further meeting to be held no later than September 20, and promising urgent consultations on an extraordinary Arab summit. If it convenes and attracts full attendance, this will be the first complete gathering of Arab leaders since 1982.

Mr Chedli Klibi, the Arab League secretary-general, told a press conference that a decision on relations with Iran had been postponed in order to al-

Continued on Page 16

Strikers hold aloft placards backing the NUM and its leadership

S African strike talks boost hope for settlement

BY JIM JONES IN JOHANNESBURG

A SETTLEMENT of South Africa's black miners' 17-day-old strike appeared to be within sight last night following more than four hours of talks in Johannesburg between the Chamber of Mines and the National Union of Mineworkers (NUM).

In a statement released after the talks the Chamber said that it had refused to grant additional wage increases, but that the offers on fringe benefits had been accepted

NUM officials are to discuss the offer with members today and are expected to reply to the Chamber by this evening. The Chamber said that its offer would be withdrawn unless all aspects were accepted.

On July 1 the Chamber unilaterally increased wages by between 17 per cent and 23.4 per cent. The NUM had been demanding a 30 per cent across-the-board increase. The Chamber has agreed to double death benefits to four years' pay and to increase holiday leave allowances by 10 per cent.

There is considerable pressure on both sides to end the strike. The mines are estimated to have lost gold production worth about $200m.

However, there has been evidence that support for the strike has been on the wane, although it is difficult to determine how many miners have drifted back to work. At the height of the stoppage more than 300,000 miners stayed away.

Judging from initial reports of yesterday's talks it seems that a formula has been worked out which allows both sides to save face.

The Chamber and Anglo American, the largest of the mining houses, said during and before the strike they were not prepared to discuss further cash wage increases, though they were prepared for further negotiations on fringe benefits.

The NUM has previously said that it would not enter talks limited by preconditions and that all disputed matters, including cash wages, would have to be discussed as a whole.

By yesterday morning it appeared that more men were returning to work, particularly on mines managed by Anglo American.

Anglo's strategy has been to chip away at the strike by threatening dismissals at selected mine shafts unless men comply with return-to-work deadlines. The group's determination was underlined last week when two marginally profitable shafts - one at the Vaal Reefs gold mine and the other at the Landau colliery - were closed permanently after strikers had failed to heed management's ultimatums to return to work.

Yesterday the mining house reported that 'significant' numbers had returned to work at the Vaal Reefs No. 9 shaft and the Western Holdings Nos. 2 and 3 shafts where deadlines to return to work had been extended until yesterday. New ultimatums have been issued to strikers at three of Anglo's other gold mine shafts and shafts at two of its collieries. About 12,500 men have been told to return to work by today or Thursday or face dismissal.

Lesotho's central bank reported yesterday that wages remitted home by over 120,000 migrant Basotho workers paid for about 77 per cent of the land-locked country's imports.

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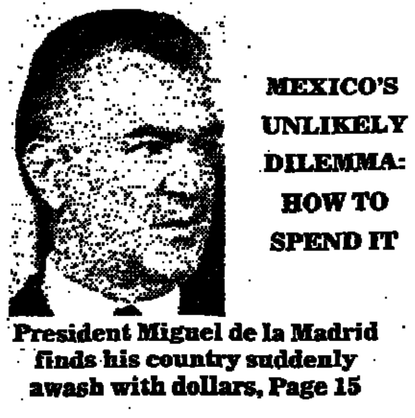


MEXICO'S UNLIKELY DILEMMA: HOW TO SPEND IT

President Miguel de la Madrid finds his country suddenly awash with dollars, Page 15

Iran allows French envoy's wife to leave Tehran

BY GEORGE GRAHAM IN PARIS

THE FIRST glimmering of a breakthrough in the two-month-old stalemate between France and Iran emerged yesterday, but the dispute which has kept the two countries' diplomats in virtual house arrest in Paris and Tehran still seems a long way from resolution.

Mrs Estelle Torri, wife of one of the French diplomats in Tehran, was allowed to leave Iran yesterday with her baby son, born only a few weeks before the first simmerings of the dispute which ended with the breaking off of diplomatic relations last month.

The battle of the two besieged embassies has been largely overshadowed in recent weeks by the mounting tension in the Gulf, but it remains the root of the quarrel between France and Iran, even if its flowering is in the risky waters around the Strait of Hormuz.

The French Government yesterday welcomed the decision to let Mrs Torri come home — a decision which the Iranian authorities had first announced two weeks ago, but which has only just come into effect. They remained adamant, however, on the real issue that divides them from Tehran: the status of Mr Wahid Gordji, the Iranian interpreter wanted for questioning by a French judge in connection with the terrorist bombings which devasted Paris last summer.

Mr Jean-Bernard Raimond, the French Foreign Minister, said in a television interview at the weekend that the issue was "not negotiable." Mr Gordji must answer the questions of Judge Gilles Boulouque.

Mr Gordji, who took refuge in his embassy in June, has "resident - administrative" status, according to the French authorities, and is therefore not entitled to any form of diplomatic immunity. He remains, therefore, apparently holed up in the building in Paris's Avenue d'Iena which houses the Iranian embassy. Squads of police guard the building, blocking the traffic and inspecting the sewers.

Food is sent in daily from the Maison de l'Iran, a nearby Persian restaurant. French officials could not confirm reports that the French Government is paying the restaurant bill.

Contracts between the two governments are maintained through the Pakistani embassy in Paris, which now represents Iranian interests in France since the rupture of relations on July 17, and through the Italian embassy in Tehran, which fulfils the same role for the French.

French officials hesitate, however, to view the departure of Mrs Torri from Tehran as much of a breakthrough. They say that the families of the five Iranian diplomats and 35 technical and administrative staff still in the Paris embassy have not been hindered from leaving, and that the gesture of allowing the mother and her two-month-old baby to leave was merely natural.

They remain doubtful over whether much progress has been made on the eventual departure of the nine French diplomats who remain in their embassy on Tehran's Neauphle le Chateau Street, named after the French suburb where Ayatollah Ruhollah Khomeini spent the last months of his exile before returning to Iran in 1979.

One of the points on which the two countries still disagree — besides the crucial question of Mr Gordji — is how many diplomats should be allowed to remain in the respective interests sections after a settlement. France has resisted Iran's proposals for a sizeable delegation, feeling that there is little point in breaking off relations if diplomatic representation remains at the same level as before.

THE WEST German Government has described as a "positive signal" a video film of Mr Alfred Schmidt, the Siemens employee kidnapped in Beirut on January 20, which was released in the Lebanese capital on Monday night, writes Haig Simonian in Frankfurt.

Speaking after yesterday's meeting of the Federal Government's "Lebanon working staff," Mr Friedhelm Ost, the government spokesman, said the video, delivered by unknown parties, "is a sign of life of Mr Schmidt."

In the four-minute film, dated July 23, Mr Schmidt (47) is seen reading a three-page document calling on Bonn to swap Mr Mohammed Ali Hammadei, the suspected terrorist arrested on January 13 and now being held in Frankfurt, against his release. However, the Federal Government doubts the words are Mr Schmidt's own, according to Mr Ost. Moreover, such an exchange, which would also include Mr Rudolf Cordes, the Hoechst employee also being held hostage in Beirut, is "out of the question," according to security officials in Bonn.

The video is taken to be a response to Bonn's decision not to deport Mr Hammadei ot the US for trial. Mr Schmidt, bearded and looking appreciably thinner, says in the film, which provides the first pictures of him since February, that he has been well treated by his captors.

	First half 1986 ($m)	First half 1987 ($m)	Growth rate (%)
All countries	65,374	85,792	31
US	27,836	32,178	16
China	7,349	12,403	69
West Germany	4,574	6,514	42
UK	4,224	5,427	28
Japan	2,376	4,067	71
Canada	2,191	2,464	12
Netherlands	1,100	1,602	46
Singapore	1,229	1,661	35
Rest of world	14,495	19,276	33

HONG KONG EXPORTS

Source: HK Government half-yearly economic report

Hong Kong boom boosts inflation

BY DAVID DODWELL IN HONG KONG

HECTIC GROWTH in the Hong Kong economy—reflected by 27 per cent real growth in exports, a similar surge in investment, and buoyant stock and property markets—have led to accelerating inflation and a severe labour shortage, according to the Government's half-yearly economic report, released yesterday.

The report fought shy of any precise forecast of economic growth for the year, though budget forecast of 8.7 per cent by Mr Piers Jacobs, the Financial Secretary, is seen as increasingly conservative.

Domestic exports surged to HK$85.8bn (£6.7bn) for the six-month period—up 31 per cent in nominal terms, and by 27 exports leapt by 50 per cent in both real and nominal terms to HK$80.1bn, reasserting the British territory's importance as an entrepot for China. Imports rose similarly, by 34 per cent in real terms to HK$172bn.

Strongest export growth was recorded to China (69 per cent in value terms to HK$12.4bn), Japan (71 per cent to HK$4.1bn) and West Germany (42 per cent to HK$6.5bn).

The significant result of this was that Hong Kong's dependence on the US market slipped sharply. The US remains Hong Kong's most important market, with sales of HK$32.2bn in the first half of the year, but this modest 16 per cent rise meant that it accounted for just 38 per cent of domestic exports, compared with 44 per cent in 1985.

The surge in both direct exports and re-exports to China, despite strict Chinese import controls, is a measure of the now widespread practice of Hong Kong manufacturers to process goods in the mainland. Raw materials and semi manufactures accounted for the lion's share of exports to China, with textile yarn and fabric alone accounting for 22 per cent of domestic exports to the mainland.

The report says that strong order-book positions and the trend in retained imports of raw materials and semi manufactures both suggest that the export led boom is likely to continue in the months ahead.

Thousands flee flood in Italian valley

BY JOHN WYLES IN ROME

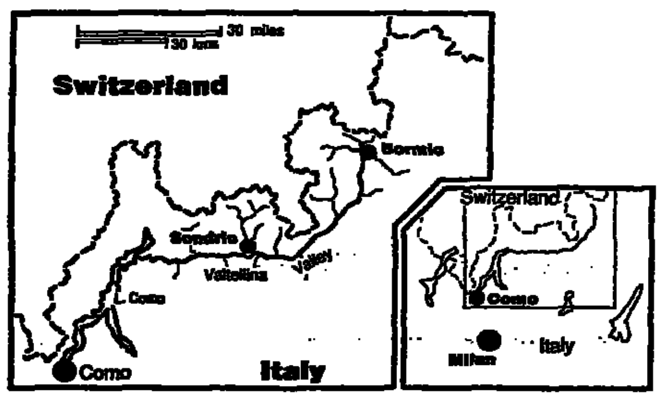
FURTHER HAVOC was wrought yesterday by an astonishing Italian summer which has brought disastrous rains and landslides to thousands in the Alpine borders and drought and forest fires on the islands of Sardinia and Sicily.

After more than 24 hours of rain, the authorities ordered the evacuation late on Monday evening of nearly 20,000 people living in the Valtellina, a valley brushing the Swiss border which accommodates the flow of the River Adda on its way from the Alps to Lake Como.

The inhabitants have been living in fear of just such an emergency since a large slice of the mountain slipped into the lake. Sunday and Monday's rains, however, boosted the water to danger levels and the decision to evacuate people from 22 communes as far down the valley as the outskirts of Sondrio was taken late on Monday.

The extreme urgency contrasted with previous assurances from government experts that at least 15 hours warning would be available. This seems bound to raise tensions between the local inhabitants and the relief effort co-ordinated by the central government which had begun to ease after the installation of sensitive measuring equipment on the unstable mountainside and on the new lake, named "Pola."

Although the Government has



valley nearly a month ago. More than 20 people were left dead or missing and two villages destroyed in a toll which would have been higher but for an evacuation 10 days earlier after very heavy floods and some loss of life.

The landslide cut off the holiday resort of Borimo at the top of the valley from the rest of Italy and, by blocking the Adda, created a two and a half kilometre long lake on the valley floor.

With a nervous eye on the rising water level, the authorities had begun installing a temporary system for draining the allocated L500bn (£230m) in emergency aid, it is still struggling for credibility after Mr Giuseppe Zamberletti, the well regarded Minister for Civil Protection at the time of the landslide, failed to be included in the new coalition formed at the end of July by Mr Giovanni Goria.

Meanwhile, heavy rains and flooding left one dead and four missing in the valleys around Brescia on Monday. River levels were giving cause for concern in several valleys in the Trentino and Alto Adige yesterday as one cloudburst seemed to follow another.

Unemployment falls 0.3% in France during July

FRENCH UNEMPLOYMENT fell by 0.3 per cent to a seasonally-adjusted 2.64m in July from 2.65m in June, the national bureau of statistics, Insee, said yesterday, Reuter reports from Paris.

The figures, also reported by the Labour Ministry, showed that in adjusted terms July unemployment was up by 1.2 per cent from the previous month.

The small decline left the percentage of the workforce unemployed at 11.0 per cent in July, unchanged from June but up from 10.6 per cent a year earlier, Insee said.

The July figures confirmed the overall decline in unemployment since March this year, while the overall increase over the past 12 months was 3.9 per cent. Over the past year, the number of people under 25 years of age seeking work has declined by 7.9 per cent, it added.

Commission set to approve plastics venture

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission is proposing to give the green light to a joint plastics-making venture between ICI of Britain and Enichem of Italy.

The move is likely to cause controversy, not least because it is a reversal of the Commission's normally tough stance against market sharing accords likely to distort free competition. It means the venture, European Vinyls Corporation, would get exemption from EC rules against price fixing, or sharing markets and sources of supply. The joint venture accounts for 23 per cent of EC production of PVC, a widely used plastic, and vinyl chloride monomer, one of the product's main ingredients.

Normally, the Brussels competition authorities refuse to give clearance to joint ventures with market shares of that size on the grounds that they constitute potentially damaging dominance. However, they are making an exception for this venture on the grounds that it will help cut output in an industry which is only running at 75 per cent of its 8.8m tonne annual capacity in Western Europe.

Clearance will only be valid for the next five years, following which the Commission could in theory force the venture to be broken up. The final go-ahead depends on whether suppliers or customers raise serious objections, which must be put to the Commission by mid-September. European Vinyls Corporation actually started trading last October, a reflection of the fact that Brussels only has the legal power to vet such ventures after they have set up.

Ironically, Enichem—though not ICI or their joint venture—is the subject of an EC investigation into illicit price fixing in PVC involving eight other companies. However, that inquiry is mainly concerned with high density polyethylene, rather than PVC.

The agreement between the Italian group and ICI cover all their interests in the products involved. They will both supply the venture with raw materials at prices to be agreed between themselves and monitored by the Commission.

European Vinyls Corporation plans to close 300,000 tonnes of production by the end of next year, more than half of the Western European industry's total surplus.

Solidarity groups lose court fight

By Christopher Bobinski in Warsaw

A POLISH High Court judge has refused to register four separate groups of Solidarity supporters seeking to establish their union on a legal footing in three companies in Torun and at the Warski shipyard in Szczecin.

Judge Myga told a crowded courtroom in Warsaw yesterday that Poland's trade union law passed in 1982 contained a temporary and still unlifted ban on more than one union in each factory and that new unions were already in place.

The case comes against a background of attempts by the leadership of the new unions (OPZZ), now claiming a membership of 7m, to make contact with Solidarity in what appears to be an attempt to encourage the banned movement's activists to join their movement.

Last April, it now appears, Mr Lech Walesa, the Solidarity leader, refused an offer of a meeting with Mr Alfred Miodowicz, the OPZZ leader and a party politburo member, on the grounds that the OPZZ had failed to defend the right of other unions to exist.

However, exploratory talks did take place last June between Mr Jerzy Uzieblo, a senior OPZZ official, and Mr Janusz Onyszkiewicz, the Solidarity spokesman. Mr Uzieblo also met with Mr Jerzy Milewski, the Solidarity representative in the West, in Geneva at the annual meeting of the International Labour Organisation.

Yesterday, the judge was forced to admit that Poland's ratification in 1958 of the ILO's convention 87 on trade union rights, which places no limits on the right to organise, had no standing in Polish law

● Mr Jerzy Urban, the Polish government spokesman, yesterday confiirmed that Vice President George Bush was expected to a visit Poland at the end of September.

Battle over air landing rights could go to European Court

BY WILLIAM DAWKINS IN BRUSSELS

A TUSSLE over aircraft landing rights, which left 189 passengers temporarily stranded at Brussels airport on their way to the Caribbean earlier this month, could end up in the European Court

The European Commission has asked the French civil aviation authorities to explain as soon as possible why they withdrew landing rights in the French West Indies for a charter flight owned by a Zairean group, Scibe.

Brussels' demand comes in response to a complaint by International Aviation Services (IAS), the Belgian group operating the Bruseiss-Caribbean route for Scibe, that the French authorities were unfairly discriminating by withdrawing landing rights in Martinique and Guadeloupe.

If Commission competition authorities do not get a good answer "within weeks," according to one official, they could take legal action against the French Government for allegedly failing to enforce its obligations under EC rules to ensure free trade with its Community partners.

The DGAC withdrew landing rights on the grounds that Scibe—and hence IAS as operator—had contravened a contractual agreement that at least 80 per cent of passengers on that route must be non-French—the aim being to protect French airlines against foreign competition for domestic traffic to the Caribbean.

Although the flight was allowed to leave Brussels for the passengers' sake, the DGAC is sticking to its 80 per cent restriction.

Clash at Ozal campaign rally

BY DAVID BARCHARD IN ANKARA

POLITICAL TENSION in the campaign for Turkey's referendum on September 6 rose sharply yesterday after the Prime Minister, Mr Turgut Ozal, was booed by hostile crowds while entering the south-western town of Isparta. Police clashed with the crowd and 18 people were detained.

Isparta is the home town of the former Prime Minister, Mr Suleyman Demirel, Mr Ozal's main rival. The referendum is to decide whether Mr Demirel and an unspecified number (estimates vary from 55 to 133) of politicians active before the 1980 military coup should continue to be barred from office.

Eyewitnesses said that the crowd had heckled the Prime Minister but not used violence. Mr Ozal taunted the crowd, which was carrying blue banners — the colour of "yes" ballots in the referendum — with using the national colours of Greece.

Mr Demirel, who has been drawing visibly larger crowds than the Mr Ozal in rallies this week, described the incidents as regrettable. He said there were growing signs that state powers were being used by the Government for personal advantage.

The local leader of Mr Demirel's True Path Party said, however, that he had no complaints to make against the city's governor or the police.

Both Mr Demirel and Mr Ozal have appeared to be increasingly on edge as the referendum approaches, since the political survival of both men hangs on its outcome.

Turkey sets up export bank

BY OUR ANKARA CORRESPONDENT

TURKISH EXPORTERS will soon be able to draw upon the services of their own national export credit bank following the publication of a decree reorganising the State Investment Bank as the Export Credit Bank of Turkey.

The reorganisation comes after more than a year's work to set up a Turkish export credit agency.

The new bank will be a joint stock company with capital of TL 500m (£56.5m). The Treasury will have a controlling interest of 51 per cent but the remainder of its shares may eventually be sold to the private sector.

The bank is expected to supply pre-financing credits and insurance and guarantees for Turkish exporters.

A date has yet to be announced for the bank to begin its operations. The State Investment Bank which it replaces acted mainly as an arm of the Treasury in making funds available for public sector investments.

Japan rides out stormy weather in Soviet relations

BY IAN RODGER

YESTERDAY MORNING, a group of 52 Japanese people set sail from the town of Nemuro on Japan's northern island of Hokkaido. Their destinations were Shikotan and Crystal, two of seven small islands off the Hokkaido coast occupied by the Soviet Union since the end of the second world war.

The four-day trip, an annual event, is the result of a painfully negotiated agreement between Japan and the Soviet Union to enable former island inhabitants to pay their respects to the graves of their ancestors.

Normally, the trip would have passed largely unnoticed. But yesterday Japanese foreign ministry officials were pointing to its uneventful beginning as an indication that perennially sensitive diplomatic relations between Japan and the Soviet Union have not been adversely affected by Moscow's unprecedented expulsion of a Japanese diplomat last Thursday.

A Japanese naval attache, Captain Nobuhiro Takeshima, was asked to leave the Soviet Union for allegedly having been involved in espionage activities. A Japanese businessman was also asked to leave. Shortly after the announcements, Japan asked a Soviet trade representative in Tokyo, Mr Yuri Pokrovskii, to leave.

The Japanese foreign ministry has been eager to play down the significance of these incidents, claiming that similar tit-for-tat expulsions in the past between the Soviet Union and the US or between the Soviet Union and the UK have not affected the normal flow of relations or even the scheduling of high level meetings.

The Japanese Government certainly hopes that is the case. It has been trying to clear the way for new negotiations to resolve some long standing issues between the two sides—including the return of the Northern islands which the Allies ceded to the Soviet Union at the end of the Second World War—and has been encouraged by the apparent increase in interest in Japanese affairs shown by the Soviet Union in the past year or so.

The view in Tokyo is that the Soviet expulsions were largely an expression of exasperation with Japan's drawn-out anguish this summer over Toshiba Machine's violations of Cocom rules. In April, it was revealed that Toshiba Machine had supplied sophisticated machine tools to the Soviet Union in breach of rules preventing the export of high technology products to East bloc countries.

US government and public opinion became enraged with Japan because, it was alleged, the machines were used to make Soviet submarines operate more quietly, thus undermining the US Navy's submarine detection equipment.

As a result of the US anger, the Japanese Government has been working feverishly in recent weeks to tighten its export restraint rules, ferret out other cases of infringements and reassure the US about Japan's commitment to mutual security. In the process, a case of Soviet efforts to obtain aircraft-related technologies by surreptitious means was unearthed, leading to the expulsion of Mr Pokrovskii.

Apparently, the Russians became frustrated by what they saw as an increasingly militant anti-Soviet mood in Japan. The official Soviet news agency, Tass, has accused Japan of launching a "spy scare campaign."

All of which goes against the grain of official Japanese policy towards the Soviet Union. The Japanese have been hoping to begin substantial negotiations with their northern neighbour on the return of the Northern islands. A successful outcome here would pave the way for the signing of a peace treaty between the two, which has been in abeyance since the end of the Second World War because of Japan's refusal to recognise the legality of the Potsdam agreements and their codification in the San Francisco Peace Treaty of 1953.

Last year, the climate of bilateral relations seemed to improve considerably. The two countries' foreign ministers exchanged visits, a science and technology committee that had been dormant for several years was revived and, for the first time since 1975, Japanese pilgrims to the occupied islands did not have to carry passports and visas.

The Japanese were hopeful that a summit meeting between the Soviet leader, Mr Gorbachev and the Japanese prime minister, Mr Yasuhiro Nakasone, could be scheduled, but the climate for such a meeting soured in the wake of the Gorbachev-Reagan summit at Reykjavik.

Now their hopes of setting the bilateral relationship on an upward course depend on a possible meeting between Japan's foreign minister, Mr Tadashi Kuranari, and his Soviet counterpart, Mr Shevaradnaze, at the time of the United Nations General Assembly next month. And they are insisting that there is no reason why last week's spy episode should prevent such a meeting.

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Basques decide it's time to rally round the flag

David White reports on how squabbles over national emblems are raising temperatures in a small corner of north-eastern Spain

FLAG-SPOTTING looks like becoming a regular summer game in the Basque country. For five years a "flag war" has been waged from town to town as the Madrid authorities insist on the presence of the Spanish national flag during the annual fiestas.

But at the 18th century town hall of Pasajes, a struggling port just east of San Sebastian, nobody can remember seeing a Spanish flag for 10 years.

Elections to the town council were won in June by Herri Batasuna (People's Unity) the extreme Basque nationalist coalition that shares a platform with the Eta terrorists. Before then it was run by the more middle-class Basque Nationalist Party (PNV). The new mayor, Mr Xabier Portugal, a 35-year-old teacher who studied for the priesthood, is not even sure if they have a Spanish flag.

They missed the incidents, however. The town's four districts all had fiestas and the distinctive red-green-and-white basque flag, the Ikurrina, flew alone without interference from civil guard. But that was before trouble broke out around the middle of the month. In San Sebastian the mayor decided to play safe and have no flags, but the civil governor ordained tht there should be three flags—the national one for Spain, the Ikurrina for the region, and the town flag—and sent police in to hoist them. The two men have since continued arguing the legal point through paid advertisements in local newspapers.

The skirmishes have spread to other places in the Basque country and neighbouring Navarre. In Llodio, an industrial town south of Bilbao which, like Pasajes, was won by Herri Batasuna, councillors hoisted the Ikurrina on its own, the civil guard pulled it down, the councillors put it up again, the civil guard went in with an armoured car and hoisted the Spanish flag beside it, and the town hall said it would hold the festivities somewhere else.

Spanish national emblems and the usual portrait of the king are conspicuously absent from Mr Portugal's office in Pasajes. Instead there are notices recommending the use of the Basque language, Euskara, which is co-official with Spanish in the region. A translator goes to town council meetings for the declarations that nationalist councillors make in Basque, a language that Socialist Party councillors, in a town with a large "immigrant" (non-Basque) population, do not know.

Pasajes (Pasaia in the Basque version), built around a narrow inlet, provides a graphic map of Basque divisions and problems. Its population, around 20,000, has been declining. Unemployment, according to Mr Portugal, is "easily 30 per cent." Two old fishing villages face each other across the inlet, Pasajes de San Pedro, where the modern fish-freezing depot is, and Pasajes de San Juan, where the town hall is.

San Juan is a pretty wooden-balconied street with alleys running off it, pressed against a steep hillside. To the south, the inlet opens onto the commercial port district, known as Ancho. And behind San Pedro rise the forbidding tower blocks of the modern district of Trintxerpe, containing half the town's population (many of them

migrants from Galicia) and a large share of its joblessness, drugs and juvenile crime.

Trintxerpe is the main source of Socialist Party support. The other areas are a captive market for the different nationalist parties.

In one of the tower blocks, a special civil guard squad moved against an Eta "commando" on July 23, breaking down the door of a fifth-floor flat and shooting a 28-year-old woman, Lucia Urigoitia. Pasajes seems to attract spectacular shoot-outs. In March 1984 four members of the Autonomous Anti-Capitalist Commandos, an Eta splinter group, were riddled with police bullets as they motored into the port at night in a rubber dinghy.

"Police murderers" is one of the slogans that a donkey appears to be contemplating at a fountain next to the disused Cristo de Bonanza church. Another slogan reads, "kill or die." The church wall proclaims "Gora Eta (M)" (long live Eta-Militar). Other graffiti throughout town rail against the French Government, which in just over a year has deported more than 80 Basque suspects to Spain.

Anti - French sentiment, according to Mr Portugal, does not run deep, however. France is just nine miles away and the town has long-standing French connections. A stone plaque records that Lafayette embarked here on his way to the American War of Independence. Victor Hugo stayed here in 1843, and they have a small museum (but the plaque has disappeared). Over in San Pedro, a French articulated truck is being loaded right in front of a large warning in black paint: "Boycott French interests."

The mayor sees his support as distinct from whatever support there is for Eta. The protest vote is not the only reason for Herri Batasuna's success here, he argues, although its rejection of Spain's constitutional system serves as a rallying-point for malcontents. In no other town of this size did the party win such a large share of the ballot: slightly over a third. The PNV opened the way by splitting into two factions last year, but Herri Batasuna's upsurge won it more votes here in June than the PNV and the new splinter party put together.

Herri Batsuna gained votes, says the mayor, from being well known locally and campaigning on local issues. Its brochures put the Basque separatist cause in the background, concentrating on issues such as pollution from the port, housing conditions, drugs and delinquency. The Basques are, after all, a down-to-earth people.

The mayor does have flags in his office, a collection of them bundled in a corner by the window. But it turns out they are boat-race banners for the *traineras*, traditional long-boats with 14-man crews. Rivalry between the different districts is fierce. The sounds of war on a race-night are just fireworks being fired across the inlet.

OVERSEAS NEWS

Sudanese rebels release prisoners

SUDANESE rebels released three US aid workers and a British nurse at the Kenyan border yesterday seven weeks after they were abducted in southern Sudan, Reuter reports from Nairobi.

The Americans, Steven Anderson, Katy Taylor and Mark Nikkel and Briton, Heather Sinclair arrived at the northwest Kenyan border post of Lokichokio after a flight from the Sudanese town of Pibor, the Sudan People's Liberation Army (SPLA) radio said.

The aid workers had walked about 300 km through bush and swamp to Pibor from the town of Mundri, where SPLA members abducted them on July 7.

Diplomatic sources said they understood all four were in good health. They were to fly on to Nairobi and hold a news conference on their ordeal today, they added.

Mr Anderson, 31, Ms Taylor, 32 and Ms Sinclair, 29, were working in Mundri for the Nairobi-based Association of Christian Resource Organisations Serving Sudan. Mr Nikkel was an Anglican priest teaching at the Bishop Gwyne College in the town.

SPLA radio said the aid workers were caught in crossfire in Mundri and had to walk the long distance for their own safety. The SPLA had wanted to release them into Zaire but the Sudanese army blocked routes to intercept them, it added.

Protest over S. Korea death

ABOUT 2,000 shipyard workers shouting "democratic unions" held a rally yesterday to mourn a colleague killed in a clash with police, the first death in a month of labor unrest in South Korea, AP reports from Seoul.

The workers staged their largely peaceful three-hour rally at the compound of Daewoo shipyard's hospital, where the body of Lee Suk-Kyu, 22, has lain since he was killed by a tear gas canister during violent protests last week by workers demanding pay hikes.

Disputes arose between union leaders and family members over Lee's burial site and funeral date after the unionists decided to postpone the funeral until the government and management meet their demands.

UK denies Kuwait has sought Red Ensign for tanker

BY JOAN WUCHER KING

THE UK Department of Transport yesterday strongly denied reports that a Kuwaiti oil tanker was to be re-flagged with the Red Ensign of the British Merchant Marine. A spokesman said that no such application had been received nor was the Department aware of any plans to do so.

The Department was reacting to press reports of a US State Department briefing on Monday. Mrs Phyllis Oakley, the US State Department spokeswoman, had announced the re-registration of the Kuwaiti ship under the Red Ensign, praising the British Government for its support for merchant shipping in the Gulf. She later said she had been misleadingly briefed on the re-flagging operation, which was reported in the US press yesterday.

Despite the US State Department's retraction, which clarified that the British Government had had no hand in the re-flagging, controversy about the rumoured move remains. Mr George Robertson, MP for Hamilton, and Labour's deputy foreign affairs spokesman said on Monday evening that any move to register Kuwaiti ships could drag the British navy into an open-ended commitment in the Gulf.

Kuwait has already re-registered one ship in Gibraltar, and has two more reflagged vessels under charter. Late yesterday, the government did not discount the possibility that a Kuwaiti tanker may seek reregistration in the UK, though Transport Department officials have yet to be notified of this.

In Britain, official sanction for re-flagging a merchant vessel must be given by the Department of Transport. The operation itself is described by the Government as being purely commercial in nature: the UK shipping registry is open.

Provided a vessel meets UK requirements on structural safety, equipment, crew accommodation, crew levels, and the UK qualifications for its officers and master, it can be registered as long as the company which owns the vessel maintains its principal place of business in the UK.

Whether a ship secures re-registration in Britain or in dependent territories, it will become entitled to protection from Britian's Armilla Patrol in the southern Gulf. The Ministry of Defence has said that neither the operational area, nor the function, of the Armilla Patrol will change in response to any increase in Red Ensign ships plying Gulf waters.

Joan Wucher King considers the likely opposition of the pro-Israel lobby on Capitol Hill

Saudi arms sales offer Reagan a fight in Congress

THE US administration is girding its loins for a September confrontation with Congress over its latest proposed arms sales to Saudi Arabia. Washington is hoping to sell the Saudis 1,600 AGM 65C Maverick missiles and about 12 F-15 C/D interceptor aircraft.

The Administration initially told Congress of the proposed sales in May. It withdrew its proposals following congressional furore over a supposed Saudi failure to intercept the Iraqi jet which holed the Stark and resulted in the death of 37 US crew. Congress was briefed on the incident, and reintroduction of the sales was promised.

It is now hoped that the seriousness of the situation in the Gulf will mute congressional opposition to the sale when it comes up for approval next month.

In theory, neither sale should present much of a problem for the US Government. Congress approved sale of the Mavericks in January 1984, but Riyadh, aware that an improved model was under development, elected to wait for it to become available. As this merely upgrades the technology of a previously approved sale, it should be treated more easily by Congress.

Similarly, the F-15 sale is intended to create an "attrition stock" for the Royal Saudi Air Force's fleet of 45 F-15C and 15 F-15D interceptors. The new aircraft will be based in the US to allay congressional fears that they will be used to enhance Saudi Arabian air power.

The F-15 component of the sale is reckoned to be critical by military experts, as without them Saudi Arabia will be unable to keep its F-15 fleet at current levels; its air force has already lost two F-15s.

The production line for the F-15 models held by Saudi Arabia will close in spring 1988. It is thought that Congress is unlikely to approve any sale to the kingdom of the next generation of F-15s, which will be ground attack aircraft.

The need to maintain some level of inter-operability between the Saudi and American air forces in the event of a serious regional crisis gives this sale added strategic import. Congressional failure to approve it would damage the Saudi-US military link. The link was weakened two years ago by the Saudi purchase of British Tornado jets after the Reagan Administration reneged on a promised sale of 48 more F-15s.

Riyadh is bound to see the proposed sale as a test of its relationship with the US, coming at a time when the Kingdom is providing backup support to the US mission in the Gulf. Part of that support has been the extension of the surveillance range of Saudi Arabian Awacs (Airborne Warning and Control aircraft) to the southern Gulf areas through which US ships must move. Failure to approve the sales would, under these circumstances, be a grave political upset to both parties.

Despite the worsening situation in the Gulf, Mr Anthony Cordesman, a US analyst, feels prospects for congressional approval of the sales are "very mixed." The strong domestic (US) influence on Arab arms sales, led by Israel's assorted lobbyists and sympathisers on Capitol Hill, has pitched the debate about such sales from America's strategic concerns in the region to America's political concerns in the Levant.

In strategic terms, Mr Cordesman argues, the Levant pales in importance when contrasted with the Gulf region, yet there is a tendency in Congress to equate them. As Israel dominates the former, and Saudi Arabia the latter, arms deals involving Riyadh are seen as a threat to Israel's military posture, rather than as a support to Saudi Arabia's regional defensive needs.

Saudi Arabia is regarded by Israeli hardliners and most of the Israeli lobby in Congress, as a front-line state. As the Kingdom lacks any domestic constituency in the US, however, it is in a poor position to argue its case back at a level which commands congressional attention — campaign support and hard votes.

There are Congressmen and Senators who do percieve the need to arm an importantly placed American ally, but to voice open support for such a position is tantamount to inviting the full weight of pro-Israeli hostility at election time.

Working against such odds, the Reagan Administration has none the less done three arms deals with the Saudis. In the early months of his presidency, Mr Reagan pushed through a heavily-fought sale of five Awacs to the Saudis. In May 1986, congressional opposition forced the administration to scale down an order for $345m worth of missiles by dropping a proposal to sell 800 Stinger anti-aircraft missiles worth $89m.

While this last deal went through, Mr Alan Cranston, the pro-Israeli Democratic Senator from California, regarded the Stinger exclusion as a great success, following as it did the Administration's failure to fulfil promises made to Riyadh to secure approval for sale of 48 additional M-15s.

In March of this year, Congress approved a series of low-level military sales to the Saudis totalling some $400m. These included troop transport helicopters, a command helicopter and twin engine aircraft, electronic equipment, spares and a training/maintenance package.

The latest proposed sales will inevitably focus Washington's attention as a test of the post-Irangate presidency. Past US arms deals with Saudi Arabia have proved a good barometer of the President's support in Congress, and reflect the closeness of an election year.

With public opinion uncertain about the US presence in the Gulf, and the Israeli lobby giving notification that it intends to resist the Maverick and F-15 sales, President Reagan may be in for a very rough ride through Congress.

De Kock warns on S African economy

BY JIM JONES IN JOHANNESBURG

PRESENT stimulatory economic policies will not on their own restore business confidence in South Africa, Dr Gerhard De Kock, the reserve bank governor, said in Pretoria yesterday.

In his annual address to stockholders in the South African Reserve Bank (SARB), Dr De Kock said that economic policies needed to be underpinned by further political reform and continued maintenance of law and order if they are to succeed.

Current economic policy is based on domestic stimulus to lift the economy out of recession. Dr De Kock listed the large current account surplus on the balance of payments, the doubling of gold and foreign exchange reserves in the past year, a steady growth in money supply, low interest rates, expansionary fiscal policy, surplus capacity in many economic sectors and relatively high unemployment as positive factors.

"And yet," he says, "the inducement to invest and the propensity to consume are not strong enough to lend real momentum to the economic upswing. Money is chasing paper in the financial markets instead of bricks, mortar and steel."

He suggests the answer lies in insufficient domestic business and consumer confidence due to uncertainties over the present process of political and social reform and concern about the deterioration since 1984 in overseas perceptions of South Africa's prospects.

Looking ahead Dr De Kock said he believed monetary policy would remain expansionary as long as the present situation persisted. He warned that this was unlikely to be accompanied by any marked reduction in interest rates as the reserve bank did not believe the cost of money was an impediment to investment.

HK spy book case appeal

BRITAIN will appeal against a court ruling allowing a Hong Kong newspaper to resume publishing extracts from the memoirs of Mr Peter Wright, a former British secret agent, Reuter reports from Hong Kong.

Laywers for the British government said yesterday that the appeal was expected to be heard in the High Court today.

The court had ruled on Monday that the Sunday Morning Post, sister publication of the South China Morning Post, could continue publishing extracts from Wright's book "Spycatcher." It said freedom of speech far outweighed any interest the British Government had in barirng publication. But it ordered a stay until tomorrow of an interim injunction against the paper so Britain could appeal.

The injunction was sought by Sir Patrick Mayhew, Britain's Attorney-General, after the first extracts appeared in the newspaper on July 25. The sale of the book is not banned in the British colony and it is fast becoming a best-seller.

Japanese exporters 'must change strategies'

JAPAN'S big export companies were yesterday told that they must give up the business strategies they have used for 40 years to dominate many world markets or be forced to do so, Reuter reports from Tokyo.

A special advisory group to the Ministry of International Trade and Industry said companies must abandon their traditional strategy of winning market share at any cost and concentrate on making real profits.

Japanese companies have tended to undercut foreign competition, and even each other, in their scramble to sell more goods to more people in more markets, often at the expense of turning a viable profit.

"If excessive competition . . . abroad is left unchecked, it will not only have a major impact on the economic society of foreign countries, but by intensifying trade friction, will have a harmful impact on the entire Japanese economy," said the panel.

"Management must change from a tendency to emphasise market share . . . to an emphasis on profits by increasing the value-added component of products and developing new fields," it said.

The report focused on six leading export industries: cars, computer microchips, copiers, telecommunications equipment, machine tools and video tape recorders.

Grabbing market share might have worked in an era of rapid growth both in Japan and the rest of the world, but slower world growth aggravated overseas complaints against Japanese business practices and threatened a protectionist response that no one wanted, the report said.

Japanese companies' efforts to boost overseas production was fine, but they must also make more effort to use locally made parts and link up with foreign companies, otherwise their efforts will have been in vain, it said.

If voluntary private sector action is not enough, government action must be considered, it said.

AMERICAN NEWS

Brazil likely to make further spending cuts

BY IVO DAWNAY IN RIO DE JANEIRO

THE Brazilian Government will take steps this week to cut its expenditure further despite fierce resistance from some ministers.

A special cabinet meeting scheduled for tomorrow is expected to adopt austerity measures on top of those imposed under the economic programme launched in June by Mr Luiz Carlos Bresser Pereira, the Finance Minister.

The new cuts are due to be announced by President Jose Sarney on television after the meeting ends to head off mounting criticism from business and even trade unions of government extravagance.

The so-called Bresser Plan aimed to reduce the public sector deficit from a scheduled 7 per cent of gross domestic product to 3.5 per cent by the end of the year. For 1988, the target is 2 per cent.

Now, independent economists and government officials say that these key objectives cannot be reached unless more stringent controls are introduced.

But despite the clamour for further spending restraint, several ministers are pushing for increased budgets. The ministries of Transport, Science and Technology and Irrigation now say they need a further Cruzado 54bn ($1bn) to complete their programmes for the year. In addition, state governors who command substantial support in the Congress are pressing hard for new funds to meet their own budget deficits. Currently several states are spending substantially more than they receive from federal funds and local consumer taxes on salaries alone.

The government's powers of raising revenues are hamstrung, however, by laws which prohibit any raising of taxes between budgets. This closes off the option of new income tax rises until January.

Despite the furore over federal spending fuelled by reports of huge salaries paid to some civil servants, Mr Bresser insists that government spending is not the principal cause of inflation, now threatening to return to levels of more than 5 per cent a month.

He told a convention of supermarket owners in Rio de Janeiro this week that the greatest source of inflationary pressure remained the disequilibrium in prices. But Mr Bresser's spirited defence of his policies only came after a powerful attack from Mr Arthur Sendas, a leading entrepreneur and head of the Brazilian Supermarkets Association.

"In Brazil, the state is continuing to spend too much and spend badly," Mr Sendas said. "Invading private sector areas, sustaining an inefficient and giant bureaucratic machine, the Brazilian state fails to achieve its basic commitments to education, health and public safety."

Canada rail negotiations resume

By David Owen in Toronto

THE TWO sides in the Canadian rail strike resumed negotiations yesterday after the Government threatened to intervene if the dispute was not settled promptly.

Mr Pierre Cadieux, the Labour Minister, called for the talks, which are being presided over by top federal negotiator, Mr William Kelly.

Mr Kelly, a former railway union official, had a hand in settling a strike by Canadian postmen earlier in the summer. The walkout on Monday by 48,000 Canadian National Railways and CP Rail workers has paralysed rail traffic throughout the country. The stoppage is already reported to be holding up shipments of grain from Canadian west coast ports.

The stumbling block appears to be improved job security guarantees.

Railway management maintains that to meet union demands would be economic suicide when the threat of deregulation and increased competition hangs over the industry.

Both major Canadian rail networks have been affected by stagnating revenues and rising costs in recent years.

The CN Rail division of Canadian National Railways lost C$11m (US$8.3m) on sales of C$3.65bn last year.

Meanwhile, an additional 6,500 CNR and CP Rail shop workers, represented by a different union, were in a legal position to strike from yesterday.

US Army gives Boeing contract for $190m air defence system

THE US Army yesterday named Boeing Aerospace to build a $190m air defence system based on the Stinger missile, partly to replace a gun scrapped because it could not shoot down low-flying helicopters, Reuter reports from Washington.

The contract calls for Boeing to produce 273 Pedestal Mounted Stingers (PMS) over five years. The initial award is $16.2m for a first option to buy 20 of the systems, which are mounted on heavy army vehicles.

PMS is one leg of the Army's Forward Area Air Defence (FAAD) system, a five-part, $11bn programme to upgrade battlefield air defence for army infantry divisions.

The Defence Department implemented the programme after cancelling the Sargeant York anti-aircraft gun in August 1985 because the weapon could not shoot down helicopters flying close to the ground.

The army, which had spent $1.8bn over seven years developing the Sargeant York, said in a statement yesterday it followed a novel acquisition strategy with the PMS, encouraging contractors to provide candidate systems for test and evaluation.

The PMS consists of eight Stinger missiles and a 50-calibre machine gun integrated with sensors and an advanced fire control system.

It is designed to provide air defence for rear areas of army divisions and is the first component of FAAD to be approved for production.

Guerrilla group suspected of Lima hotel bomb

A BOMB exploded in the basement of Lima's Sheraton hotel starting a fire which blazed in an underground car park for more than two hours, police said yesterday, Reuter reports from Lima.

The police said no one was injured in the blast, but about 300 guests were evacuated from the luxury hotel and transferred to other accomodation in central Lima.

However, a hotel spokesman said only about 15 of several hundred guests staying at the Sheraton had left the building.

Police said the attack, the third involving bombs in cars in Lima in as many days, bore the hallmarks of the Tupac Amaru Revolutionary Movement (MRTA), a leftist guerrilla group operating in the Peruvian capital.

Police said four firemen had to be treated for smoke inhalation while fighting the blaze, started by a bomb exploding in a car in the second basement of the 18-floor hotel.

They said the bomb, consisting of about 30 pounds of dynamite, appeared to have been placed beneath a car in the Avis car-rental repair area.

The car and three others parked nearby were completely destroyed in the explosion, police added, and dozens more suffered blast and fire damage.

They said there appeared to be no serious damage to the structure of the building, but firemen worked until dawn to cool walls and concrete columns that had heated up during the blaze.

Colombians 'rename' gulf

COLOMBIAN media have begun to rename the Gulf of Venezuela "Gulf of Coquibacoa" after a 33-year dispute over territorial waters in the gulf flared up again between Bogota and Caracas earlier this month, Reuter reports from Bogota.

Some newspapers, radio stations and the news agency Colprensa are using the word Coquibacoa, an old Indian name by which the gulf was known last century.

In Venezuela, stickers have appeared in many places saying "All the Gulf is ours."

The dispute abated last week when Colombia's President Virgilio Barco ordered the withdrawal of a warship from the dispute waters.

Its alleged presence in Venezuelan waters had led Caracas to lodge an official protest and take some military measures.

US supply of feed grains to remain high

THE US stockpile of feed grains is so big that an expected production cutback this year may hardly affect total supply, according to Agriculture Department analysts, AP reports from New York.

Feed-grain production is estimated at about 220m metric tons, a drop of more than 32m from last year's harvest of 252.4m tons, the department's Economic Research Service said.

In all, counting old-crop inventories, the US supply of feed grains – corn, sorghum, barley and oats – for 1987-88 is expected to be about 374m tons.

That will include a record carryover this autumn – the beginning of the new 1987-88 season – of 154m tons stockpiled from previous harvests.

Last autumn, at the beginning of the current 1986-87 season, the old-crop carryover of feed grains was about 126m tons.

"Thus, the increase in carryover stocks will offset most of this year's production decline," the report said.

A metric ton is about 2,205 pounds and is equal to 39.4 bushels of corn.

"An estimated 87.5m acres (35m hectares of feed grains) will be harvested this year, down about 14 per cent from last year's 102m acres (40.8m hectares)," the report said.

"The decline is partly offset by a record yield of 2.51 tons per acre, up a little over 1 per cent from last year."

Reagan aims to allay Contra fears

By Lionel Barber in Washington

PRESIDENT REAGAN is scheduled to meet leaders of the Nicaraguan Contra rebels in Los Angeles tomorrow in an effort to allay fears that his Administration has slackened its support for the right-wing insurgents.

The President, who is on holiday at his California ranch in Santa Barbara, has been walking a tightrope between conservative supporters of renewed Contra military aid and Democrat opponents who suspect him of paying only lip-service to the outline Central American peace plan agreed by the region's leaders in Guatemala City earlier this month.

On Monday night, Mr Reagan broadcast a personal three-minute message to Nicaragua, pledging that the rebels' struggle against the left-wing Sandinista government "has and always will have our support."

The taped address was broadcast on the Contras' clandestine radio station, Radio Liberation, but was jammed by the Nicaraguan Government. There were plans to repeat the broadcast yesterday.

President Reagan, speaking in English and followed by a Spanish translation, questioned the Sandinistas' commitment to the regional peace plan. "The Sandinistas have agreed that the repression must stop at the same time the fighting stops. The Sandinistas have told us that before, but no one believes the Sandinistas any more."

US durable goods orders fall 1.5%

NEW ORDERS for durable goods received by US manufacturers fell by $1.7bn (£1bn), or 1.5 per cent, to $107.48bn in July, the Commerce Department said, Reuter reports from Washington.

Excluding defence, new orders fell 1.2 per cent in July compared with a 1 per cent rise in June.

In June, total new goods orders rose 2 per cent instead of the previously reported 1.6 per cent.

Commonwealth will study Seaga plan on debt servicing aid

BY CANUTE JAMES IN KINGSTON

COMMONWEALTH finance ministers, at their meeting later this month, are to study a Caribbean proposal for easing the problems of small, heavily indebted middle-income developing countries through increased borrowing to service outstanding commitments and guarantee economic growth.

The proposal, made by Mr Edward Seaga, Jamaica's Prime Minister and Finance Minister, suggests a central role for the World Bank, which would oversee debt servicing and growth targets, and disburse further funds when these are met.

The proposals are also to be taken by the Commonwealth Caribbean countries to impending meetings of the World Bank and the International Monetary Fund, and to the Commonwealth heads of government conference. "The proposal is based on having multilateral institutions give loans for debt servicing to reduce debt service ratios to tolerable levels," said Mr Seaga. "Tranches of the loans would be conditonal on reductions in the debt service ratio."

According to Caribbean government officials, the proposal would address the problems of the middle-income developing countries. They say these have been ignored by bilateral donors and international commercial banks in debt relief programmes which favour low income countries on the one hand, and large-scale debtors on the other.

The proposal argues that while the middle-income countries would prefer to grow out of their debt problems rather than borrow their way out "there are inadequate resource flows to do so because creditor countries and agencies have not been able to put together a coordinated approach which can satisfy the debtor/creditor participants." Debtor countries which now find relief mainly in rescheduling agreements with Paris Club and commercial bank creditors have no chance of refinancing their multilateral debts which, for many, is the major part of their commitment.

To get around the problem of repaying debt and establishing a basis for economic growth,

Seaga: role for the World Bank

Caribbean officials suggest a new facility from multilateral institutions, mainly the World Bank, "based on targeted reduction of debt service ratios to sustainable levels."

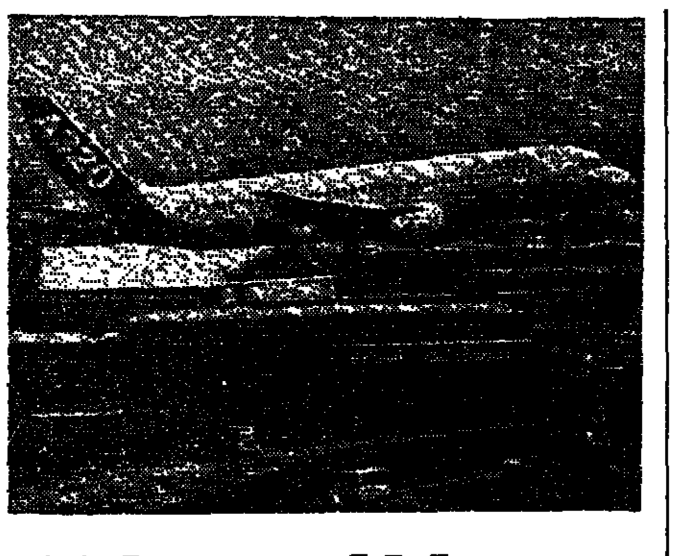
Within the framework of this facility, it is suggested, the Paris Club could move from single-year to multi-year rescheduling, also conditional on the reduction in debt service ratios, as would commercial bank creditors "which hold the preponderance of debt for many nations, particularly in Latin America."

Under the arrangement, the programme would be effectively policed by the World Bank, and would assist in diffusing the debt crisis with a "programmed" solution.

"What exists now is stalemate and stagnation against which background debtors and creditors are taking unilateral action which will further aggravate the crisis to explosive proportions," Caribbean officials suggest.

"What this means for commercial banks which are now wary of giving new loans," explained Mr Seaga, "is that they can give new funds under the conditionality of the World Bank loan, so the World Bank would monitor and inform the commercial banks and the Paris Club of the progress the debtor country is making."

WORLD TRADE NEWS



Airbus could lose A$600m order from Australian Airlines

BY CHRIS SHERWELL IN SYDNEY

AIRBUS INDUSTRIE, the European aircraft manufacturing consortium, may lose an agreed A$600m (£263m) order for nine A-320 aircraft from Australian Airlines because the state-owned domestic carrier cannot afford them.

The airline has been casting round for ways to extricate itself from the deal, and was said yesterday to have reached an agreement in Toulouse under which Airbus gave it the right to defer delivery.

Australian Airlines was not commenting yesterday except to say the matter was "under review together with other strategic issues."

But it is understood that the company now has until 1992 to decide whether or not to take the nine aircraft, which were previously to arrive in Australia between 1989-95.

The arrangement is clearly helpful to Australian Airlines, since by that time its own position may be clearer. Currently it is undercapitalised from a resource-constrained government, and facing probable privatisation.

Airbus may also be able to offer a stretched version of the A-320 as a more attractive alternative in the 1990s. As it is the A-320 is still undergoing development and manufacture.

For Airbus the deferral is acceptable, inasmuch as it allows the aircraft to be delivered to other customers in the queue and stops Australian Airlines either cancelling the order or simply selling the aircraft on.

The fuel-efficient A-320s were intended as replacements for the airline's existing fleet of ageing Boeing 727-200s. The A$600m price tag on the deal included training costs.

The state-owned carrier is one of two operating on Australia's domestic trunk routes. The other is Ansett, owned jointly by TNT, headed by Sir Peter Abeles, and Mr Rupert Murdoch's News Group.

The Labor Government has indicated that this restrictive policy, under which air fares and aircraft imports are controlled, will come to an end by 1990. But it is not clear what will take its place.

Sir Peter Abeles has said complete deregulation is the only alternative to the present system. Mr James Strong, general manager of Australian Airlines, says the carrier can only compete if it is given an adequate capital base and allowed to operate commercially.

The airline's last capital injection from the Government, of around A$115m (£50m), came in 1983. Last year it notched up a healthy A$37m (£16.2m) in profits thanks to the two-airline policy.

But an estimated A$100m (£44m) is needed to help the airline fund its purchase of the A-320s, perhaps more if it is to compete successfully in a deregulated environment.

Privatisation of Australian Airlines is therefore being actively considered by the Government. But it is a matter of some controversy within the Labor party, which is only scheduled to settle the matter at next June's party conference.

Japan truck makers deny dumping in US

JAPANESE compact truck makers have denied that they are dumping their products on the US market, Reuter reports from Tokyo.

US Commerce Department officials said last week that the government and the big three US car companies were considering filing an unfair trade practices complaint against Japanese makers of compact trucks, alleging they were selling at less than fair value.

Toyota pointed out that it had raised prices an average 18.2 per cent since introduction of its 1986 model, to compensate for the yen's appreciation against the dollar.

Nissan said it was difficult to say how much Nissan's compact prices had increased in percentage terms

Peking has $5.2bn surplus in 7 months

CHINA had a foreign trade surplus of $5.2bn in the first seven months of 1987.

The report, quoting the foreign economic relations and trade ministry, said exports reached $20.2bn in the period, up 35.3 per cent over the first seven months of 1986, while imports totalled $15bn, a reduction of 9.7 per cent. Textiles and oil are China's two main export items.

Last year, according to the ministry's figures, China ended with a trade deficit of $5.7bn.

In the past several years, China has put strict controls on imports to build up domestic industries and to counter a gradual fall in foreign currency reserves.

Indonesia to take tough line on copyright

By John Murray Brown in Jakarta

INDONESIA is to seek harsher penalties for copyright violation. Under draft legislation before the People's Assembly, reform of the 1982 copyright law which is expected to be passed in October, is to include seven year prison sentences and fines of up to Rp 100m, Justice Minister Mr Ismael Saleh told the Assembly this week.

Indonesia's decision to prepare new legislation, first announced by President Suharto in July last year, follows sustained complaints from trade partners in the US and Europe over the inadequate protection of intellectual property in Indonesia.

The European Community has launched an investigation following protests from the Geneva-based International Federation of Phonographers and Videogram Producers which claims Indonesia tape and video pirates cause losses of $150m every year. Indonesia has recently taken over from Singapore as the main exporter of pirated recordings, much of which still goes to the Middle East.

Equally damaging was the threat of trade sanctions by the US following complaints to Mr Clayton Yeutter, the US Trade Representative, by the International Intellectual Property Alliance. The US industry group called for an end to US trade concessions with Indonesia, under the Generalised System of Preferences (GSP).

Indonesia exports just $27m-worth of goods under the GSP.

Dragonair wins licence for China routes

BY DAVID DODWELL IN HONG KONG

HONG KONG Dragon Airways, the group that has over the past two years struggled to establish itself as an Asian regional carrier, made a significant breakthrough yesterday.

Hong Kong's Air Traffic Licensing Authority (ATLA) granted it a licence to operate services to Shanghai and Peking.

A similar application was refused a year ago, and on both occasions, Dragonair's bid to fly to China's two main tourist and business destinations has been fiercely opposed by Cathay Pacific Airlines, the Hong Kong-based carrier that is regarded by many as the British territory's flag-carrier.

Yesterday's success is nevertheless only the first step on a tortuous and uncertain path towards actually operating services to Peking and Shanghai.

The airline must next be designated by Hong Kong's Civil Aviation Department as a carrier on the route, and finally must be granted flying rights in a future Sino-British aviation agreement.

"This is a breakthrough, however many obstacles still lie ahead," said Mr Steven Miller, Dragonair's general manager, after receiving news of the ATLA ruling.

The decision to grant Dragonair a licence comes after a month of deliberation by ATLA. A preliminary report justified the decision on a number of grounds:

- There is insufficient capacity on the Peking route.
- Frequent services by smaller aircraft would serve the public interest better than infrequent flights by large aircraft (Dragonair operates 126-seat Boeing 737s, whereas Cathay operates Boeing 747s and Lockheed TriStars).
- Dragonair is already licensed to operate services to 14 other cities in China, and ought to be able to offer services to China's two main tourist and business destinations as part of its regional network.
- The likelihood of "uneconomic overlapping" was small, with Cathay likely to be able to make reasonable profits on the Peking and Shanghai routes even with Dragonair as a competitor. ATLA commented that CAAC, China's national airline, might well suffer as a result of Dragonair operating services alongside Cathay, but argued that "the solution to that is in (CAAC's) hands"—a clear swipe at CAAC's reputation for inefficiency and poor service.
- While the case for insufficient capacity on the Shanghai route was less certain, Dragonair's aim to operate as a "short-haul regional airline providing comprehensive services to a number of cities in China" meant that the requests for licences to Shanghai and Peking should not be examined separately.

Cathay Pacific executives were tight-lipped yesterday about the ruling. A press release said the group "was not in a position to comment on the reasons why ATLA had changed its decision of January 1986 until it has studied the current decision more closely."

Dragonair will be applying for designation to operate services on the route within the next two weeks. At present, the Hong Kong government has an official preference for only one carrier to operate on any one route.

A cautious government statement said yesterday that before it comes to any decision, it "will consider the constraints imposed by the existing bilateral air services arrangements, the factors that influenced ATLA in its decision, the costs to the incumbent airline, the price to be paid by Hong Kong for any additional rights, and whether it is in the Hong Kong people's overall best interests for a second Hong King airline to operate on the same routes."

Bilateral talks in Peking on a new Sino-British air service agreement floundered two months ago, and no fresh talks are likely before spring next year.

Stockholm wins Saudi oil storage role

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDISH defence authorities are to provide Saudi Arabia with consultant services in the construction of an extensive system of strategic underground storage caverns for oil products.

Swedish Foreign Trade Ministry said yesterday that the Saudi Arabian Government had signed an agreement in Jeddah last week with the Swedish civil defence and military building agencies.

According to the agreement, Sweden would provide the Saudi authorities with assistance in the development and building of the system, which is an integral part of Saudi Arabia's ambitious strategic oil storage programme.

The agreement between the two governments opens the way for the final stage of negotiations between the Saudis and ABV and Skanska, two leading Swedish construction groups, which are confident of winning the contract to build the storage caverns, which could become the biggest export order ever won by Swedish companies.

Last week ABV said the contract for the first phase of the project would be worth close to SKr 2bn ($310m), but that if the Saudi authorities press ahead with the full project the final order could be worth SKr 25bn.

Through a joint venture ABV Rock Group, ABV and Skanska have been negotiating with the Saudis on the project for the last seven years.

During the summer they signed an agreement with Riyadh on the technical concept for the scheme as well as forms for future co-operation.

ABV said last week that a contract for the first phase of the oil storage scheme could be signed within the next two months.

This would cover the building pf basic infrastructure of roads and construction camps as well as design and construction work and comprehensive geotechnical surveys.

The entire project with storage capacity and an extensive pipeline network could take at least seven years to complete.

Mr Carl Johan Aaberg, State Secretary in the trade department of the Swedish Foreign Ministry, said that Swedish neutrality policy had led the country to take extensive measures for preparedness to ensure that the country could function during a war even if it is cut off from outside supplies.

This programme for economic preparedness in wartime has included the building of extensive underground oil storage caverns in the bedrock. "Apparently the Saudis have found our programes interesting," he said.

Roche forms joint venture with Sumitomo

By John Wicks in Zurich

HOFFMANN LA ROCHE, the Swiss chemical concern, has set up a joint-venture company with the Japanese Sumitomo group to operate clinical testing laboratories in Japan.

The new company, Medicom, will have an initial share capital of Y400m (£1.8m). A 50 per cent stake will be held by Nippon Roche and 25 per cent each by Sumitomo Chemical and Sumitomo Pharmaceuticals.

Medicom will work from the Kamakura premises of Nippon Roche, with an initial staff of 40.

Annual sales are expected to rise from about Y300m (£1.3m) next year to Y2bn (£8.9m) in 1991.

Most of the top five British exporters show drop in overseas sales despite the decline of sterling

Oil companies under pressure in UK export league

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE DOMINANT position held by oil companies in the league of top British exporters came under threat last year as crude prices dropped, according to the latest FT ranking of the top 100 British exporters by company.

ICI came within £1m of displacing BP as the country's largest exporter and would have done so if it had not itself suffered a 7.6 per cent decrease in export earnings. The table shows how BP suffered a 51.7 per cent fall in export earnings to £2.77bn.

This is a pattern which is repeated consistently throughout the table. Esso UK slipped out of the top five to seventh place leaving only two oil companies in the top five as IBM(UK) with sales of £1.43bn reinforced its position in the big exporters' league.

A feature of the top five, however, was that all of them showed a decline in their export sales from 1985 with the exception of rapidly expanding British Aerospace whose export sales surged 27.6 per cent to £2.07bn. The company climbed to third place in the table from fifth in 1985.

In a related field Rolls-Royce also posted a sharp gain in sales with an increase of 28.9 per cent to £918m pushing it clearly into the top 10, but in the motor industry the picture was mixed with export returns for Jaguar Cars rising by 23.3 per cent to £620m, while those of the Rover Group which had risen by 30.7 per cent in 1985 virtually stagnated at £768m. Bedford Commercial Vehicles, one of 1985's star performers, was relegated from the table after its export sales slipped to £75.6m from £97.2m a year before.

This year we have further expanded the table to show the change in numbers of UK employees over 1985. Although total employment figures can give an indication of the comparative exports per employee in similar sectors, broader comparison is not necessarily meaningful.

Some companies on the list are in heavily export orientated sectors while others such as Marks and Spencer at position 84 are not. In addition, payrolls of some companies have been boosted by acquisition. This is true of Hanson Trust which leapt into the league at position 76 following its acquisition of the Imperial Group and a resulting 98.3 per cent boost in export sales to £115m.

While the table shows an unremitting weakness on the part of oil exporters last year, the picture elsewhere is very mixed despite the general boost that should have come from the decline of sterling. For example while Racal Electronics showed a 17.3 per cent drop in export sales to £260m, Plessey held virtually steady at £162m.

Among the weakest performers last year were Guinness with a 35.3 per cent drop in sales to £377.4m, GKN with a 33 per cent drop to £140m, Monsanto whose export sales fell 51.6 per cent to £126m and British Shipbuilders with a 51.5 per cent drop to £90m.

Strong gainers included NEI with a 32.4 per cent jump to £315m, British Coal, which is still recovering from the strike of two years ago, saw exports rise 80.2 per cent to £173m, Caterpillar UK, up 45.2 per cent to £214m, Baker Perkins, up 29.8 per cent to £125.4m and Westland Group, up 41.2 per cent to £119m.

Besides Bedford, the following companies were relegated from the table: Amoco, the 600 Group, Delta and Rowntree Mackintosh. Newcomers beside Hanson Trust included Polaroid, Cookson Group, Goodyear Tyre and Rubber, Fisons and The Boots Company.

TOP 100 EXPORTERS—1986

Ranking 1986	Ranking 1985	Company	Exports 1986 (£m)	% of UK t/o	Exports 1985 (£m)	% of UK t/o	% change 85/86	UK employees 1986 (no.)	UK employees 1985 (no.)	% change 85/86
1	1	BP	2,772	27.8	5,742	31.4	−51.7	28,700	29,450	−2.5
2	2	ICI	2,771	52.3	2,998	50.8	−7.6	56,800	57,200	−0.7
3	5	British Aerospace	2,071.4	66.8	1,623.3	61.3	27.6	75,480	75,645	−0.2
4	3	Shell UK	1,958	41.4	2,332	32.3	−16.0	14,620	15,558	−6.0
5	6	IBM UK Holdings	1,432	46.5	1,582	52.0	−9.5	18,801	18,798	0.02
6	7	GEC	1,276	33.0	1,236	34.0	3.2	126,623	127,460	−0.7
7	4	Esso UK	1,115.2	45.9	2,282.8	52.0	−51.1	5,352	5,805	−7.8
8	8	Ford UK	1,090	25.5	1,035	26.2	5.4	47,200	51,200	−7.8
9	9	British Steel	999	30.5	936	26.7	6.7	52,000	54,200	−4.1
10	12	Rolls Royce	918	53.5	712	44.5	28.9	38,800	41,700	−7.0
11	11	Rover Group	768	34.5	764	32.5	0.5	61,510	67,562	−9.0
12	16	Jaguar Cars	620	74.7	503	79.4	23.3	11,234	10,440	8.5
13	14	Britoil	487	49.8	692	38.5	−29.6	1,800	2,759	−34.8
14	13	Texaco	470.9	24.7	701.7	28.9	−32.9	2,976	2,987	−0.4
15	10	Conoco	433	38.1	876	42.6	−50.6	1,460	1,476	−1.1
16	18	BAT Industries	418	30.1	424	25.2	−1.4	29,875	25,389	17.7
17	20	Unilever	412	12.1	418	11.1	−1.4	50,000	60,000	−16.7
18	21	Courtaulds	404	29.0	384	28.2	5.2	45,000	48,800	−7.8
19	25	Glaxo	393	62.9	332	59.3	18.4	11,815	13,463	−12.2
20	15	Mobil Oil	384	29.0	630	28.6	−39.0	1,988	2,600	−25.3
21	17	Guinness	377.4	27.3	582.9	62.2	−35.3	24,150	22,846	5.7
22	19	Varity Holdings	373.3	68.7	421.1	69.0	−11.4	11,228	11,701	−4.0
23	22	Johnson Matthey	358	43.7	375	51.9	−4.5	5,188	5,179	0.2
23	23	Hawker Siddeley	358	22.3	336	21.0	6.5	24,500	26,100	−6.1
25	30	Kodak	356.7	53.9	315.3	53.0	13.1	7,247	8,078	−10.3
26	31	Philips	337	25.1	292.9	24.6	15.1	21,100	21,994	−4.1
27	38	NEI	315	46.5	238	37.3	32.4	19,962	22,495	−11.3
28	28	Lucas	314	19.4	315	21.0	−0.3	45,600	46,854	−2.7
29	24	STC	279	20.5	334	26.1	−16.5	29,700	34,300	−13.5
30	26	Rothmans International	276	67.8	319	61.9	−13.5	4,688	5,260	−10.9
31	42	BTR	274	13.9	220	12.1	24.5	43,300	48,000	−9.8
32	39	Rank Xerox	273.1	42.3	225	12.5	21.4	7,300	8,000	−8.8
33	32	Tenneco Europe	271.5	30.7	275.2	40.6	−1.3	8,482	9,766	−13.1
34	33	BICC	267	20.1	275	23.3	−2.9	27,874	25,109	11.0
35	29	Racal Electronics	259.5	33.4	313.6	39.0	−17.3	19,500	15,835	23.1
36	40	CIBA-Geigy	249.8	39.9	224	37.8	11.5	7,176	7,066	1.6
37	41	Vickers	245.8	50.6	223.7	49.3	9.9	12,022	12,351	−2.7
38	48	Esso Chemicals	238.4	50.8	185	38.5	28.9	1,388	1,380	0.6
39	36	Thorn EMI	236.6	11.7	247.1	12.3	−4.2	56,806	69,034	−17.7
40	45	Beecham Group	216.7	33.5	190.7	33.3	13.6	14,300	15,700	−8.9
41	37	Inco Europe	214.9	62.7	241.9	62.6	−11.2	4,073	3,832	6.3
42	62	Caterpillar UK	214.2	91.0	147.5	86.1	45.2	1,945	1,806	7.7
43	96	Turner & Newall	205	48.7	189.6	42.7	8.1	17,912	20,198	−11.3
44	52	Wellcome	196.4	64.2	178	61.3	10.3	6,543	6,514	0.4
45	53	Pearson	193	21.8	206	31.3	−11.2	22,523	24,585	−9.2
46	47	Babcock International	182.4	57.7	185.8	61.3	−1.8	13,314	13,774	−3.3
47	51	English China Clays	182	34.5	175.7	35.2	3.6	11,281	12,473	−9.6
48	58	De La Rue	179.2	84.1	173.3	71.7	0.5	3,831	6,586	−41.8
49	89	British Coal	173	4.4	96	1.5	80.2	199,600	225,850	−11.6
50	61	Philpot Dairy Products	171	81.9	149	76.8	14.8	73	161	−54.7

Ranking 1986	Ranking 1985	Company	Exports 1986 (£m)	% of UK t/o	Exports 1985 (£m)	% of UK t/o	% change 85/86	UK employees 1986 (no.)	UK employees 1985 (no.)	% change 85/86
51	59	Davy	168.7	53.8	151.6	54.0	11.3	5,700	6,000	−5.0
52	55	British Alcan Aluminium	164.5	37.5	163.6	28.0	0.6	10,620	11,084	−4.2
53	49	Rio Tinto Zinc	164.3	13.2	181.4	13.0	−9.4	18,274	18,000	1.5
54	27	Gulf Oil	163.4	34.8	315.6	55.1	−50.4	751	753	−0.3
55	69	Plessey	161.9	14.8	163.3	14.8	−0.9	27,361	29,724	−7.9
56	60	Grand Metropolitan	160.6	4.9	150.8	4.7	6.5	79,200	95,200	−16.8
57	67	J. C. Bamford	157.7	68.1	131.9	66.6	19.6	1,355	1,314	3.1
58	66	John Brown	157.3	54.0	138	53.5	14.0	4,644	5,894	−21.2
59	54	Cummins Engine	153.8	63.7	168.6	67.1	−8.8	4,930	4,642	6.2
60	64	Seagram Distillers	149.2	50.9	140.5	48.3	6.2	1,944	1,988	−2.7
61	56	TI Group	147.7	25.6	160.5	28.1	−8.0	20,000	22,000	−9.1
62	63	Short Brothers	147.4	73.9	142	70.6	3.8	7,157	6,587	8.7
63	71	Assoc. Octel	142.6	81.3	123.9	72.0	15.1	2,271	2,409	−5.7
64	65	Ferranti	140	35.9	138.1	37.2	1.4	20,077	19,117	5.0
64	43	GKN	140	17.2	209	19.6	−33.0	19,309	27,200	−29.0
66	57	Coats Viyella	137.7	13.2	157.0	15.4	−12.3	43,120	45,504	−5.2
67	35	Petrofina UK	134.3	16.3	259.9	23.5	−48.3	1,519	1,633	−7.0
68	34	Monsanto	125.8	48.6	268.3	65.3	−51.6	3,180	1,740	82.8
69	87	Baker Perkins	125.4	76.0	96.6	72.5	29.8	3,683	3,500	5.2
70	72	IMI	122	31.4	123	30.5	−0.8	15,176	14,524	4.5
71	70	British Nuclear Fuels	121.9	19.4	127.6	23.4	−4.5	16,285	16,000	1.8
72	79	Simon Engineering	119.6	34.3	111.3	33.9	7.5	6,102	6,669	−8.5
73	97	Westland Group	119	33.5	84.3	33.5	41.2	10,357	11,087	−6.6
74	83	Michelin Tyre	118.2	21.9	99.7	19.9	18.6	11,685	12,531	−6.8
75	77	Metal Box	118	19.6	116	19.6	1.7	17,400	18,662	−6.8
76	88	Smiths Industries	114.6	43.1	96	40.2	19.4	9,000	8,600	4.7
76	—	Hanson Trust	114.6	5.2	57.8	6.1	98.3	54,000	29,000	86.2
78	78	Hewlett Packard	114	32.0	113.6	32.1	0.4	3,594	3,446	4.3
79	75	Ingersoll Rand	111.7	66.3	118.7	70.7	−5.9	3,372	3,285	2.6
80	80	Lilly Industries	111.5	61.5	107.4	61.5	3.8	2,710	2,384	13.7
81	76	Pilkington Brothers	110.7	23.0	116.4	25.2	−4.9	16,200	16,780	−3.0
82	85	Dowty	108.8	21.0	97.6	21.1	11.5	12,929	12,688	1.9
83	68	Pirelli UK	107.3	29.2	111.5	31.5	−2.9	7,371	7,086	4.0
84	92	Marks and Spencer	106	3.1	92.7	3.2	14.3	37,718	35,892	5.1
85	95	Royal Ordnance	105	25.6	85	22.1	23.5	16,981	17,500	−3.0
86	84	Du Pont	104.7	28.2	99.6	27.7	5.1	2,202	2,058	7.0
87	73	Reed International	103	8.0	120	9.3	−14.2	23,800	24,400	−2.5
87	—	Polaroid	103	73.6	78	70.3	32.1	1,750	1,500	16.7
89	73	Portals	101.1	62.6	120	50.0	−15.8	3,071	4,148	−26.0
90	82	May & Baker	96	34.0	104	34.9	−7.7	3,388	3,834	−11.6
91	—	Cookson Group	93.4	28.7	76.1	30.5	22.7	4,704	4,075	15.4
92	46	British Shipbuilders	90.2	52.8	186.1	21.5	−51.5	10,013	40,785	−75.4
93	97	Gallaher	89.6	6.8	90.1	7.3	−0.6	[illegible]	24,482	2.9
94	94	Schering Holdings	87.7	90.9	88.2	62.5	−0.6	[illegible]	1,766	25.8
95	—	Goodyear Tyre & Rubber	87.5	30.8	74.6	27.6	17.3	5,969	7,846	[illegible]
96	98	Allied Lyons	86.9	3.7	95.9	7.4	−9.4	61,267	60,530	[illegible]
97	91	Cadbury Schweppes	85.5	10.6	93.9	9.4	−8.9	17,757	[illegible]	[illegible]
98	—	Fisons	82.3	37.8	75.8	38.1	8.6	4,364	4,200	3.9
99	—	Boots	81.5	4.3	69.4	4.1	17.4	62,357	60,318	3.4
100	53	London & Scottish Marine Oil	80.9	69.8	170.4	71.7	−52.5	129	136	−5.1

NOTES:—

2 ICI—Exports reflect sales made from UK, turnover made by ICI's companies located in UK.

3 BRITISH AEROSPACE—Exports include sales to overseas related companies under collaborative contracts, some of which relate to work on products delivered to the UK. [illegible]

4 SHELL UK—UK turnover excludes duty and VAT.

5 IBM UK HOLDINGS—1986 Exports (1985) breakdown as follows: Exports goods £1,172m (£1,347m). Export services £260m (£235m).

9 BRITISH STEEL—[illegible]

11 ROVER GROUP—[illegible]

17 UNILEVER—[illegible]

18 COURTAULDS—[illegible]

21 GUINNESS—[illegible]

22 VARITY HOLDINGS—[illegible]

23 JOHNSON MATTHEY—[illegible]

24 KODAK—[illegible]

28 LUCAS—[illegible]

33 TENNECO EUROPE—[illegible]

35 RACAL ELECTRONICS—[illegible]

40 BEECHAM GROUP—[illegible]

43 TURNER & NEWALL—[illegible]

50 PHILPOT DAIRY PRODUCTS—[illegible]

55 PLESSEY—[illegible]

66 COATS VIYELLA—[illegible]

69 BAKER PERKINS—[illegible]

72 SIMON ENGINEERING—[illegible]

83 PIRELLI UK—[illegible]

84 MARKS & SPENCER—[illegible]

85 ROYAL ORDNANCE—[illegible]

87 REED INT'L—[illegible]

90 MAY & BAKER—[illegible]

91 COOKSON GROUP—[illegible]

92 BRITISH SHIPBUILDERS—[illegible]

94 SCHERING HOLDINGS—[illegible]

96 ALLIED LYONS—[illegible]

98 FISONS—[illegible]

Research by Jan Schlag, Editorial Research

Peugeot Talbot closes Iran car kit operation

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PEUGEOT TALBOT, the UK subsidiary of the French cars group, is to close its Coventry operation making car kits for Iran. It was once the automotive industry's biggest export contract worth £130m a year and providing employment for more than 5,000 workers in 400 companies.

The company, which has always maintained that the Iran contract remained good long-term business, said last night that the demand for its cars was high and they commanded a considerable black market premium. But Iran did not have the foreign exchange to pay for the kits.

Every means of payment possible, including barter arrangements had been explored, but without budget authorisation from the Iranian Government they had been "doomed to failure."

The car industry had fallen in priority for foreign exchange as the effects of the Gulf war and oil price and currency fluctuations had bitten more deeply into the economy.

Peugeot Talbot said it had taken "the inevitable decision." There was no realistic possibility of re-starting a business that over the past 20 years had seen the supply of more than 1m car kits to Iran.

The closure will mean the loss of only 50 jobs but that follows a rapid rundown of the Stoke engine factory at Coventry, in recent years. Peugeot Talbot employed some 2,500 workers on the Iran contract until the early 1980s.

Last year, when fewer than 13,000 kits were sent to Iran, the company transferred some 800 workers from Stoke to its nearby and expanding Coventry assembly plant at Ryton, but kept Iran production "ticking over."

The decision was taken last December to halt production and put the operation on a "care and maintenance" basis with the loss of another 300 jobs.

The ending of the Iran contract and the 50 job losses will push employment at the Stoke factory to little more than 200 on a vast site that just over a decade ago, had a workforce of more than 5,000 and was once the home of the famous Humber and Hillman car companies.

Peugeot Talbot blamed the collapse of its business with Iran for the increase in its net losses last year from £12.8m to £14.9m.

Mr Geoffrey Whalen the managing director, when he announced the results in April, pointed to the much-reduced dependence upon the Iran contract and said prospects for this year were much better.

A crucial factor in the company's profitability is the market's success of its 309 model and the planned launch in January next year, of the 405 medium salon to compete in the important fleet market, against the Ford Sierra, General Motor's Cavalier and Austin Rover's Montego.

The £20m investment for the 405 to be assembled at Ryton has already contributed to the climb in employment at the factory over the past two years from 1,400 to 2,000.

Up to another 600 jobs could be created next spring when a second shift is likely to be introduced at Ryton. This would be the first time that the plant has had double shift working for more than a decade. The factory was formerly owned by Chrysler of the US, who sold the operation for a nominal $1 to Peugeot in 1979.

Bank union calls off NatWest overtime ban

BY JOHN GAPPER

THE BANKING, Insurance and Finance Union yesterday decided to call off an overtime ban in National Westminster Bank after the management proposed to bring forward the date of its next pay round from April 1 to January 1.

NatWest said that the proposal was an attempt to help recruitment of staff next year rather than being aimed at ending industrial action by about 18,500 Bifu members over a 5 per cent pay deal imposed this year.

The bank is also proposing to increase its annual bonus payment made to staff this November, and Mr John Bond, personnel manager, said yesterday that he hoped staff could be rewarded appropriately for their loyalty next year.

He said: "The overtime ban has been at most a minor irritant, and 1986 is a closed book as far as we are concerned. Any proposals we are considering will be to make the most of our new-found freedom to reward our staff in the best way."

Bifu said the change of annual pay round date meant that the deal imposed in May by the three members of the now defunct Federation of London Clearing Bank Employers was worth an equivalent of between 6.7 and 10 per cent.

The NatWest settlement follows one reached in Lloyds after that bank added an extra 2 per cent from August 1 to the April deal imposed on 150,000 clerical staff at the two banks and Barclays.

Barclays is the only bank still facing industrial action

Bacardi buys back 12% stake for $200m

By Lisa Wood

ALLIED-LYONS, the UK food and drinks company, has sold back a 12 per cent holding in Bacardi, the privately-held white spirits group based in Bermuda, for $200m. The shareholding was held by Hiram Walker, the Canadian drinks company controlled by Allied-Lyons.

The sale surprised some analysts in the City of London as Allied-Lyons had recently announced that it was hoping to strengthen its links with Bacardi.

However, in the short term, the sale will substantially reduce Allied-Lyons' gearing which was raised to over 70 per cent when it acquired 51 per cent of Hiram Walker last year for £600m.

Hiram Walker, whose products include Ballantine's whisky, has a wide portfolio of drinks but lacks a white spirit, one of the growth areas in the international drinks business.

Mr Clifford Hatch, Allied-Lyons' group financial director, said: "We would have liked to buy Bacardi but saw no opportunity of increasing our shareholding in the medium term.

"The Bacardi management was committed to remaining independent and Hiram Walker had not had the opportunity of increasing its stake in Bacardi since 1978."

He said that the decision to sell the 12 per cent stake was also influenced by a re-evaluation of Hiram Walker's assets last December when the investment in Bacardi was not seen as satisfactory.

"The interest savings brought about by the sale are in excess of the dividend yield from Bacardi," he said. A recent share issue in Canada, when Allied-Lyons was listed on the Toronto Stock Exchange took its gearing down to about 65 per cent. The deal with Bacardi will bring it down to just under 60 per cent.

Mr Hatch said commercial relationships between Bacardi and Hiram Walker were not dependent on the shareholding and both parties looked forward to developing commercial co-operation further.

Hiram Walker supplies Bacardi with molasses for Bacardi spirits in Canada. Bacardi is agent for Kahlua, a Hiram Walker liqueur, in Mexico and for a number of products in Puerto Rico.

Bacardi has trading relationships with a number of drinks companies and some City analysts said yesterday that they believed the share stake marked a loosening of ties between it and Allied-Lyons.

Miss Michelle Proud, of Wood Mackenzie, the stockbroker, said: "In the longer term I do not believe this sale to be favourable.

Employers call time on drinkers

Alan Pike reports on a campaign to stamp out alcohol abuse in the workplace

BRITAIN'S PORTS industry this month became the latest to launch a drive to discourage employees from drinking alcohol at work.

From the autumn, passengers carrying their duty-free purchases through port premises will become aware of a poster campaign aimed at staff. Its message: "Don't go to work on a bottle."

The National Joint Council for the Port Transport Industry is concerned that "the result of even moderate drinking can be horrifying accidents leaving employees either permanently injured or dead." It intends to run its alcohol awareness campaign for 12 months.

There is no indication that the ports industry faces a greater than average alcohol problem but this is little comfort. While there may be room for both academic and saloon bar discussions about whether alcohol is a malign, beneficial or neutral influence in our lives, one undeniable fact is that drink problems are an expensive burden for industry.

Calculations of the cost of alcohol abuse in the workplace are as much as £1.5bn a year. It is a problem which has been estimated to cost much more than alcohol-related road accidents. Absenteeism, lost production, accidents and demands on managers' and supervisors' time all form part of the price employers have to pay for drink problems at work.

The campaign by employers and unions in the port transport industry is, however, typical of an increasing number of efforts which are being made to warn employees of the dangers of excessive drinking and help people who have problems.

Mr Andrew McNeill, director of the Institute of Alchohol Studies, which encourages the adoption of measures to manage and prevent alchohol-related problems, says: "There has recently been a sea change in attitudes towards problem drinking at work. Ten years ago people didn't even talk about alchohol problems in the workplace. Now a lot of positive approaches are being tried."

These positive approaches are designed to replace a traditional – and frequently unsuccessful – strategy which the institute says usually goes along the lines of initially pretending nothing is wrong, then bombarding a problem drinker alternately with pleas and threats before the person is finally "fired, forced to resign, transferred, retired or promoted."

Positive approaches in individual workplaces are usually based on the introduction of clear company alchohol policies. Many of these had their origin in The Problem Drinker at Work, a Health and Safety Executive publication in the early 1980s which encouraged companies to adopt such policies and ensure that employees with drink problems were offered advice and help.

The drinks industry, in addition to being concerned to challenge some of the more extreme allegations about the damaging effects of alcohol, is one which has taken seriously the introduction of policies for its own employees.

Draft guidelines for alcohol policies were produced by the Wine and Spirit Association three years before publication of The Problem Drinker at Work and the association has recently circulated revised guidelines to the CBI, TUC, the Institute of Personnel Management and the Industrial Society.

To ignore the existence of alcohol problems in the workplace, says the association, is "simply collusion with the problem drinker." And adoption of successful company policies has advantages beyond preventing alcohol-related problems among employees and reducing personal suffering. Improvements in business efficiency, profitability and the quality of corporate life can also be achieved.

Policies, says the association in its new guidelines, should:

- Set out objectives, programmes and procedures.
- Encourage employees to present themselves voluntarily for advice.
- Set out the company's point of view on confidentiality, job security, sickness benefits, pensions benefits and disciplinary procedures.

The intention behind introducing company policies is to gain recognition that alcohol-related problems are primarily health issues, for which sufferers require assistance and treatment. Although the consequences of such problems – absenteeism, lateness, declining work-performance – are likely to be detected by line managers, the Wine and Spirit Association guidelines stress that diagnosis must be undertaken only by occupational health specialists or other staff who have been specifically trained.

Policy statements, says the association, should be discussed by managements and unions so that the document which eventually emerges is seen to be in everyone's interests.

It also sounds one or two basic, commonsense warnings. Policies must apply to everyone with no exemption, for example, for senior staff. And the availability of alcohol affects the amount people drink. The association tells companies to keep systems for making free or subsidised drinks available to employees under review.

Ford likely to seek three-year deal

BY OUR LABOUR STAFF

FORD is likely to seek a three-year pay and conditions agreement with its unions, possibly covering far-reaching changes to working conditions, to replace the two-year deal which expires in November.

The company also hopes to make progress with its delayed plans to introduce an employee involvement programme for its 35,000 manual workers.

Senior union officials believe the company is likely to suggest a three-year deal in response mto the unions' proposal that the terms and conditions of manual and white collar workers should be harmonised.

The possiblity of a three-year agreement at Ford, follows the disclosure last week that Vauxhall Motors, the UK car division of General Motors of the US, is to seek a three-year agreement with its unions, in negotiations which will begin tomorrow.

Should both companies conclude three-year agreements it is almost certain other car and engineering companies would follow their lead. While many companies have introduced two-year agreements, three-year deals are still a rarity.

Harmonisation could provide manual workers with a cut in the working week, a move to monthly salaried pay, and the same pensions and holiday entitlements as white-collar staff. In a novel move, improvements in pensions are likely to form a substantial part of the unions' claim.

Mr John Hougham, Ford's director of personnel, said the company had not ruled out the possibility of seeking a three-year deal. He said: "We will seek an agreement which lasts long enough to do what we need to do. A three-year deal allows you to do more complex things properly." Harmonisation would require lengthy negotiations.

Mr Hougham said he hoped to make progress with the introduction of Ford's employee involvement programme, which is aimed to widen employee's participation in the business. Only the white collar unions have agreed to participate in the programme, but even so it is yet to be implemented throughout the staff areas.

Union officials said that Mr Jimmy Airlie, the AEU engineering union national official, and Mr Mick Murphy, the TGWU transport union's national officer, are prepared to negotiate over employee involvement. But plant convenors of the manual union are still hostile to the idea because they fear it could undermine the traditional role of the shop steward (union shopfloor official).

Vauxhall urges labour reforms to prepare for non-stop output

BY CHARLES LEADBEATER

VAUXHALL MOTORS, the General Motors subsidiary, is expected to press its unions to agree to the implementation of a long-delayed plan for far-reaching changes to work-shift patterns, which would allow almost continuous production.

The company is expected to propose implementing the plan during wage negotiations which begin in earnest tomorrow.

The revised shift patterns, covering about 11,000 manual workers are based on a scheme operated by GM at a plant in Antwerp.

They would eliminate lunch breaks, cut overtime payments, and significantly reduce costly weekend maintenance work. The company says this would allow more intensive working of machinery and create a more efficient flow of production.

Five months ago production workers voted narrowly to go ahead with negotiations on the plan. But the company's electricians, who carry out vital maintenance work, rejected proposals to introduce complimentary changes to their shift patterns.

Under the plan the night shift would be replaced to allow two shifts of eight hours a day between Monday and Thursday, with two seven-hour shifts on Friday.

The morning shift would end at about lunchtime, so workers would have their lunch outside company time. Workers on the second shift would begin work after lunch.

A third major maintenance shift would start at the end of the second production shift.

This would allow maintenance work to be done outside production time without incurring costly payments for weekend working.

The company will meet the unions tomorrow to discuss their recent wage claim. The company is expected to seek a three-year agreement to replace the two-year deal which expires in September.

Electronics study challenges belief of low unionisation

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE BELIEF that the Scottish electronics industry has a low degree of unionisation is a myth, a study by two Glasgow University academics says.

It concludes that the Government and the Scottish Development Agency have fostered the impression of low trade union involvement in order to attract investment.

The study, by Dr Alan Sproull and Dr John McInnes, says that electronics companies covering 70 per cent of employees in the Scottish electronics industry are unionised. This contrasts with the widely-held belief – stated even by a past president of the Scottish Trades Union Congress – that unionisation is below 50 per cent.

The survey, however, drew a response from only two-thirds of the 42,000 people working in the Scottish electronics industry. There was a slightly lower response to the survey from foreign-owned companies than from British-owned concerns.

The authors, however, say that even if all the companies which did not respond to the survey were non-union, which they think is unlikely, the degree of unionisation is around 50 per cent.

Nearly three quarters of foreign-owned employment covered by the survey was in non-union plants, the authors state. Major US companies in Scotland, such as IBM, which alone employs nearly 3,000 people at its Greenock plant, and Hewlett-Packard, are non-union.

Furthermore, all five US semi-conductor manufacturers in Scotland – Motorola, National Semiconductor, Hughes, General Instruments and Burr-Brown – are non-union.

The authors say that much is made by the SDA, the "Locate in Scotland" bureau and by the Government in attracting inward investment of the level of unionisation in the industry, of the low strike record and of the "progressive" and positive attitudes of unions in plants where they are recognised.

However, they point out that although important sectors such as semi-conductor manufacturing are non-unionised, other sectors such as defence electronics are strongly unionsed. The leading company in this sector is the British concern Ferranti which has been established in Scotland since the 1940s and employs 12,000 people.

The presence of unions in defence electronics sector shows that unions are not excluded from high technology sectors of the industry, the authors say.

They add that no company surveyed employing fewer than 25 people was unionised. On the other hand, two-thirds of those employing 100 or more people were unionised. Unionisation tended to be weakest in companies employing part-time workers.

Union Recognition in Scottish Electronics by Alan Sproull and John MacInnes is published in the August 1987 quarterly economic bulletin of the Fraser of Allander Institute, University of Strathclyde.

Coastguards decide not to strike for first time

BY DAVID BRINDLE, LABOUR CORRESPONDENT

BRITAIN's coastguards have decided not to undertake their first-ever strike in spite of a vote of 61 per cent in favour of a 24-hour stoppage.

The Civil Service Union, which represents the coastguards, decided that although the union's rules do not specify a two-thirds majority for industrial action, it would adopt such a target in view of the controversy likely to arise from a strike which left the coast unwatched.

The union is pressing for substantial pay increases in the coastguard service. At present, about 200 of the 480 staff of coastguard stations are on basic salaries of only £6,540, or £9,062 including allowances.

The Government has so far offered increases worth between 7.25 per cent and 14.25 per cent, comprising the basic 4.6 per cent Civil Service pay settlement and a grade restructuring package.

The ballot produced 246 votes in favour of a strike and 159 against. The turnout was estimated by the union at more than 90 per cent of its members in the service.

Union leaders maintained privately that the outcome was the best they could have hoped for a clear demonstration of the discontent felt by a very conservative group of government employees, but not a trigger for a strike which could have backfired badly on the union.

Union leaders say many coastguards have to claim state welfare benefits. Mr Tom Hoyes, the Civil Service Union's assistant general secretary, said yesterday: "It is absolutely scandalous that people who wear a uniform on duty with the Queen's crown on it should have to crawl along to the social security office."

The Government has offered a starting salary of £6,200, which the union says is acceptable, and a basic maximum of £7,250, which the union wants raised to £8,000.

Coach maker to enter bus market in Hungarian deal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PLAXTONS, BRITAIN's largest luxury coach producer, is to enter the bus market in a deal with Ikarus of Hungary, the world's biggest bus-builder.

Under the terms of a five-year contract, Ikarus will develop a range of buses suitable for Britain and Ireland and give Plaxtons exclusive rights in those countries.

Kirkby, a Plaxtons subsidiary, will provide UK components for the buses and finish and market the new range.

Plaxtons hopes to re-export some of the finished buses. Some might go back to Ikarus as part of a barter arrangement.

The bus range will not include mini-buses or double-deckers, but might include articulated buses.

The range will be based on the Ikarus 400 series, which the Hungarian company introduced 18 months ago.

It has still to be decided where the buses will be assembled in Britain. Plaxtons, a quoted company, is based at Scarborough and Kirby at Anston, near Sheffield. It insisted yesterday that the prospects for jobs and for the increased use of UK components by Ikarus was very positive.

Plaxtons decided to become involved in the bus market after deregulation of services and the sale of most of the National Bus Company to the private sector.

In a one-off deal, Kirkby, which is mainly known as a coach distributor and which was acquired by Plaxtons early this year, has disposed of more than 500 surplus buses for the Manchester Passenger Transport Executive, reworking and repainting many of the vehicles.

Kirkby first linked with Ikarus two years ago when Kirkby started marketing the Ikarus Blue Danube luxury coaches in competition with Plaxtons, which claims 43 per cent of the British luxury coach sector.

Ikarus is one of a few Comecon companies that have managed to build on the security of the enormous Soviet bloc home market and win a niche at world level. It produces nearly 14,000 buses a year (compared with about 5,000 made by Daimler-Benz, its main western rival) and exports eight out of 10 of them. Outside Hungary it has assembly plants in Angola and Cuba.

Fourth party idea 'unrealistic'

BY OUR POLITICAL STAFF

PROPOSALS for a fourth party to be formed after the Liberal-SDP Alliance merger were dismissed as unrealistic yesterday by Mr Charles Kennedy, the Social Democrat MP for Ross, Cromarty and Skye .

Mr Kennedy, who favours the merger, said the prospects for such a party were nil. "I see no viable future in such an enterprise," he said.

Supporters of Dr David Owen, the former SDP leader, have been threatening to continue as a splinter group in rivalry to the merged Liberal-SDP Alliance.

Mr Kennedy said that without proportional representation it was difficult to see how Britain could have a multi-party opposition. In Scotland and Wales there were already four parties and a fifth would be even less viable, he said.

Mr David Steel, the Liberal leader, will echo Mr Kennedy's view of the electoral prospects of such a group when he meets Dr Owen at a secret location in the south of England today.

The merger will top the agenda when Mr Kennedy, Dr Owen, the three other Social Democrat MPs and two SDP representatives from the Lords meet tomorrow. It will be the first time the parliamentary group has met since the ballot of the party membership produced 57 per cent in favour of merger and 42 per cent against.

Other issues on the agenda are the vacant leadership of the SDP and the stance to be adopted in negotiations with the Liberals. Mr Kennedy has nominated Mr Robert Maclennan, the SDP MP for Caithness and Sutherland, for the leadership. No other candidate has been put forward, but the anti-merger group has said it will nominate an alternative.

Mr Kennedy welcomed the Scottish Liberals' proposal yesterday for a federal structure for the new party and said it was important to have a distinctive Scottish facet.

Optimism seen among microchip companies

By David Thomas

THE UK semiconductor industry believes it is emerging from its recent depression, according to a survey published yesterday.

The survey, commissioned by European Semiconductor magazine and Cahners Exhibitions, questioned senior managers in 86 companies in the UK engaged in the design, fabrication, packaging or testing of semiconductors.

It found that 15 per cent of managers considered the semiconductor business to be buoyant and another 24 per cent thought it was recovering. That compared with 19 per cent who considered it to be depressed. Just under half (42 per cent) judged it to be steady.

Reflecting that optimism, 86 per cent said they planned to increase investment in capital equipment over the next three years, compared with 12 per cent who were expecting investment cuts.

Most companies (73 per cent) said investment would be to introduce new product lines, with the provision of additional capacity (53 per cent) and the updating of existing lines (48 per cent) also being cited as reasons.

Most (80 per cent) said they would be increasing their spending on research and development over the next three years. Only 13 per cent said they would be cutting it.

Research is in progress into the use of more advanced semiconductors, with many companies concentrating on digital (53 per cent), CMOS 50 per cent), analogic (44 per cent) and bipolar (41 per cent) chips. About a fifth of companies are interested in gallium arsenide as an alternative to silicon.

Most companies (52 per cent) believe they will be employing more staff over the next three years, with 41 per cent expecting a stable workforce and 9 per cent anticipating cuts.

However, skill shortages remain a problem, with companies reporting difficulties in recruiting technicians (88 per cent), production and processing engineers (82 per cent) and designers (78 per cent).

Almost half (45 per cent) say their company is tackling the problem by more in-house training, although a similar number (44 per cent) report no change in the level of training compared with three years ago.

Semiconductor Manufacturing Industry Survey. Cahners Exhibitions, 59 London Road, Twickenham TW1 3SZ.

Richard Tomkins on the uncertainties of Eurotunnel's share offer

Cash call for a non-existent item

THE ANNOUNCEMENT yesterday that the underwriting of Eurotunnel's £5bn loan arrangement has been agreed, sets the stage for what seems likely to be one of the most unusual flotations the world's stock markets have seen.

In late November, the Anglo-French partners of the Channel Tunnel project will invite the public to put their money into the venture through a £750m share offering. In doing so they will take on themselves the difficult task of persuading investors to buy shares in something which does not yet exist.

The timing of the flotation will fall between the £7.5bn sale of the Government's remaining stake in British Petroleum in October and the Christmas holiday period.

The marketing of the issue will begin in October and reach its peak once the BP issue is out of the way, but already a corporate advertising campaign is in progress.

The Eurotunnel share offer is known as Equity 3 because it is the third and final stage of the equity funding exercise.

The first was in September last year when the founder shareholders—10 construction companies and five banks—subscribed £46m; and the second followed in October when £206m worth of equity was privately placed—not without considerable difficulty—with a group of institutional investors.

The £750m to be raised through Equity 3 will make a total equity funding of £1bn. The £5bn in loans and standby credits will cover the rest of the estimated £4.7bn cost of the project and provide a margin for cost overruns or delays.

Equity 3 will be unusual for more reasons than one. For example, it will be unique in involving simultaneous share offerings on both sides of the Channel.

Further, because of the Anglo-French nature of the project, the construction of the tunnel will be undertaken by a partnership of UK and French companies—Eurotunnel plc and Eurotunnel SA respectively — with identical boards.

Subscribers to the equity offering will therefore buy units instead of shares, each comprising a single sterling-denominated share in the UK company and a single franc-denominated share in the French one.

However, it is the fact that the tunnel is not due to come into operation until May 1993—nearly five years after the share offering — that will make the issue so remarkable. It also makes it more than usually difficult to assess its chances of success.

Normal investment criteria such as the analyst's favourite yardstick, the price/earnings ratio, will not apply. Instead, there will be five years of zero earnings followed by a sudden upsurge in income—and dividends—when traffic starts pouring through the tunnel.

On the basis of traffic forecasts made last year, institutional investors who took part in Equity 2 could look forward to a net dividend yield of 28 per cent in 1994, rising quickly in the years thereafter.

But although figures like those looked superficially attractive, analysts were not impressed by the overall returns, given the five-year wait until they became payable, and the risk that the tunnel might never be completed.

Since then, it has become virtually certain that the Eurotunnel project will indeed go ahead, and Warburg Securities, one of the advisers to the issue, has published far more optimistic forecasts about traffic and revenues.

Nevertheless, points on which some City analysts say they still need convincing include:

Alistair Morton: hoping to raise £750m for Eurotunnel

● How reliable can traffic forecasts that stretch into the next century be, especially given the lack of any similar project with which Eurotunnel can be compared?

● Will Eurotunnel offer sufficient advantages over larger and faster cross-Channel ferries in terms of speed and efficiency? One analyst points out that motorists will be able to drive straight on to the trains without joining a queue only if the trains are running below capacity.

● What about the risks of unforeseen hold-ups in the construction phase—political, geological or industrial? Those on British shores are mindful of the overruns on other recent projects such as the Humber Bridge and the Thames Barrier.

● Surely the shares will be extremely dull performers in their first five years except when construction milestones are reached? And what is to say they will prove any more popular than they were at the time of Equity 2?

Whatever the reservations that remain after those questions have been tackled in the marketing campaign, Eurotunnel's task in selling itself will be made easier by the relatively small sum it is seeking.

Mr Alastair Morton, British joint chairman of Eurotunnel, said yesterday that less than £300m of stock would be offered on each side of the Channel, with the remaining £150m or more going to Japan, North America and the rest of Europe.

In London, then, the value of the issue will be less than a quarter of the size of the recent BAA privatisation and only about a fifth of the size of the Rolls-Royce and British Airways flotations this year.

"If we get 250,000 citizens in tihs country putting their hands in their pockets for £1,000 each, we have pretty well done it even without any institutions —although we want to get both types of investors, obviously," Mr Morton said.

Eurotunnel, of course, is not a privatisation issue and does not see itself as under any obligation to further the political objective of widening share ownership.

However, the issue's sponsors —Robert Fleming, Morgan Grenfell and S. G. Warburg in the UK; and Banque Indosuez, Banque Nationale de Paris and Credit Lyonnais in France—are hoping for a strong public response.

As Mr Peter Espenhahn at Morgan Grenfell says: "We expect individuals to be quite excited about getting in on the ground floor of something they can relate to and will be able to use in a few years' time, and which their children and grandchildren will be able to use.

"If it catches the public imagination, people could get excited about it for more than just financial reasons."

Paper mill planned for steel site

By Our Scottish Correspondent

A PAPER MILL may be built on the site of British Steel's cold reduction mill at Gartcosh near Glasgow. Stirling Fibre, a privately-owned Scottish waste paper merchant, is believed to be closely studying a project for erecting a £130m plant to make newsprint.

Stirling Fibre announced in June that it was seeking a site for a plant to produce 200,000 tonnes of newsprint a year from waste paper. The plant would operate under the name of North British Newsprint.

British Steel closed the Gartcosh Mill, which used steel from BSC's Ravenscraig strip mill, early last year amid considerable protest in Scotland. The mill has since been dismantled. The building that housed it is still standing and would be suitable for a newsprint mill.

Water and electricity are plentiful.

Stirling Fibre, which has a plant at Bonnybridge, near Falkirk, and which recently bought a specialist paper mill in Edinburgh, is understood to be having discussions on the scheme with British Steel.

The mill would be the third large newsprint mil lto be built in the past three years. Domestic production is almost 500,000 tonnes, meeting a third of domestic demand.

One of the new mills is on the site of a British Steel plant at Shotton in North Wales. It is owned by United Paper Mills of Finland and makes newsprint from UK-grown timber.

Joint advisers for Scots power boards

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

TWO MERCHANT banks were yesterday appointed to advise jointly the two Scottish electricity boards on their forthcoming privatisation.

The banks are Edinburgh-based Noble Grossart and London-based Samuel Montagu.

They wil provide the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board with advice on the structure of the industry after privatisation and deal with the issues arising in the legislative process prior to privatisation.

Noble Grossart's team will be headed by Mr Angus Grossart, the bank's managing director, while Samuel Montagu's will be led by Mr Ian McIntosh, head of its corporate finance division.

Last week, Mr Malcolm Rifkind, the Secretary of State for Scotland, aroused considerable resentment in the Scottish financial community by naming a joint team consisting of Barclays de Zoete Wedd of London and the British Linen Bank of Edinburgh to advise him on the the initial stages of the privatisation. That team is to be led by Sir Martin Jacomb, chairman of BZW.

Professor Jack Shaw, chief executive of Scottish Financial Enterprise, which represents the Scottish financial community, is seeking a meeting with Mr Rifkind to express his concern about this appointment. He believed that the Scottish Office should have appointed a sole Scottish adviser or at least put the team under Scottish leadership.

Prof Shaw yesterday welcomed the appointment of Noble Grossart to advise the two boards, noting that the role was more complex and likely to involve more work than the task of advising the secretary of state.

He said: "Given this complexity, it is not surprising that the two boards have decided on a joint appointment, but the boards' announcement makes clear that they expect the two banks to make equal contributions to a genuinely joint effort."

Tory shuffle in Scotland

BY JAMES BUXTON

THE SCOTTISH Conservative Party is expected to announce changes tomorrow in the party's upper-ranks, after its severe setback in the General Election. Mr Malcolm Rifkind, the Scottish Secretary, and Lord Goold, chairman of the party in Scotland, are expected to announce that Mr John Mackay, a former Scottish Office minister who lost his seat in the General Election, will become the new director of the party.

He would replace Mr Bill Henderson, who is expected to move to another Conservative Party post.

In the General Election, the Conservatives lost 11 seats in Scotland, leaving them with only 10 MPs. Their share of the vote fell from 28 to 24 per cent.

Since then the party has carried out a wide-ranging post mortem on its performance. That has focused particularly on weaknesses in the party's central and constituency organisation.

Insider dealing case for trial

MR BRIAN FISHER, a self-employed businessman accused of insider dealing during a takeover bid, elected to go for trial by jury when he appeared yesterday at Guildhall Justices' Rooms, London.

His trial will be the first case of alleged insider dealing to be heard by a British jury.

Mr 1Fsher, 34, was accused of insider dealing on the Stock Exchange on December 5 1985, concerning the purchase of shares during the takeover of Thomson T-Line, an industrial holding company. The allegation concerned the purchase of 6,000 shares in the company before the takeover.

He was remanded oin unconditional bail until October 6.

Airline merger plan attacked

BY LYNTON McLAIN

THE PROPOSED merger of British Airways and British Caledonian Airways is "an attempt by a rich and dominant airline to stamp out present and future competition," the National Consumer Council said yesterday.

A merger would not significantly enhance British Airways' ability to compete with the US mega-carriers, the council said. It would have almost no impact on the relative strengths of the UK and US airlines on longhaul routes.

Mr Maurice Healy, director of the government-backed independent council, said the merger should not be permitted. "If allowed to go ahead, it could mean higher air fares, less choice of routes and services for passengers," he said.

The council said its evidence to the Monopolies and Mergers Commission, presented yesterday, was one of the hardest-hitting documents it had ever produced.

BA's ability to mount its bid for BCal was not necessarily the result of its efficiency in the market. It was primarily the result of government policy when BA was privatised, the council said.

It said BA wanted to take over BCal so that it could have BCal's licences to fly certain routes and take over BCal's landing and take-off rights at Gatwick.

The £237m BA was prepared to pay for BCal with its assets of £97.2m was a high premium and suggested that BCal had other assets that BA would like, but which did not appear in the balance sheet, such as the licences, traffic rights and landing and departure slots, it added.

The council said airlines should not be permitted to buy licences and slots by taking over other airlines. Instead, those issues should be the responsibility of the Civil Aviation Authority.

The merged airline would have a complete monopoly of the UK share of nine of the 17 routes currently served by both BA and BCal, the council said.

"It is virtually impossible to make the proposed merger acceptable by attaching conditions to it. Should the merger proceed in any form that gives BA a significantly increased share on the short-haul European routes, the policy of liberalising air transport can be thrown out of the window."

● The Consumers' Association also said yesterday that the proposed merger between BA and BCal was not in the public interest.

"To proceed with it would be an abdication of the stated competition policy of the UK Government and of the EC," the association said in evidence to the Monopolies and Mergers Commission.

CAA calls in computer experts

BY LYNTON McLAIN

THE CIVIL Aviation Authority has called in consultants to try to resolve difficulties with two of its main air traffic control computers.

Malfunctions led the CAA to thin out air traffic so as to maintain safety standards and avoid overloading air traffic controllers.

One of the computers is at Prestwick Airport, the base for the Oceanic Air Traffic Control Centre, which monitors and controls all air traffic over the eastern half of the north Atlantic air routes, some of the busiest in the world.

The other is at the London Air Traffic Control Centre at West Drayton, Middlesex, and provides processing capacity for all radar and other data relating to aircraft movements throughout UK airspace.

The CAA said the Prestwick computer had been installed in March. It was bought for about £9m from the US Digital Equipment Corporation, but has suffered several failures when screens in front of air traffic controllers froze. Information on air traffic movements then had to be put into the computer manually through the keyboard.

That has led the CAA to restrict the volume of aircraft over the north Atlantic to a level that is thought to be safe.

The authority has called in the CAP group of computer software specialists to help, but no date has been given for when the CAA expects the malfunction to be remedied.

At West Drayton, the difficulty has been linked with the IBM 9020D computer, commissioned in 1974. That computer has "gone off line" with power problems, which have been "quite serious," the CAA said yesterday.

The computer has also had problems with its software programs.

The CAA is already planning to insert the software programs into a new computer to replace the present IBM model in the early 1990s.

Satellite TV secures extra funds

By Clare Pearson

SUPER CHANNEL, the seven-month-old UK-based satellite television service, said yesterday it had received support from shareholders for extra funding in the face of advertising revenue shortfalls.

However, it is believed to be cutting its 100 or so staff by about 25 per cent, although the company was unable to confirm this.

Mr Charles Levison, formerly joint managing director with Mr Richard Hooper, is resigning to join the Virgin Group but will become Virgin's representative on the board of Super Channel.

Mr Hooper said yesterday that Super Chanel's budget for the year beginning in September would be "significantly lower" than hoped for, reflecting disappointing advertising revenues. It is thought to be about £19m, in line with the current year's budget.

At an extraordinary general meeting on Monday, the shareholders, comprising 14 British independent television companies and Mr Richard Branson's Virgin Group, agreed to provide an undisclosed sum on top of the £36m they have already committed.

Super Channel's programme department — from which Ms Carol Haslam resigned as director on Monday—is being streamlined.

Ms Haslam is not being replaced and programming and presentation functions will be taken over by Mr Michael Roles, head of programme acquisitions.

In addition, the company is making changes in programming policy including the introduction of programmes in German and Dutch with English subtitles—an apparent departure from its earlier stated aim of providing English language programmes.

Super Channel plans to broadcast more pop music programmes

Clearing banks urged to cater for needs of developing high-tech businesses

BY DAVID FISHLOCK, SCIENCE EDITOR

CLEARING BANKS should offer small businesses a wider range of financial services, more in tune with the development strategies of small high-technology companies, two Cambridge researchers told the annual conference of the British Association at Queen's University, Belfast.

They had investigated the growing pains of 20 such businesses in the Cambridge area and the financial institutions that had backed them.

Mr John Grieve Smith, senior bursar of Robinson College, Cambridge, and Mrs Vivien Fleck, of the department of engineering, Cambridge University, questioned whether clearing banks, "are really safeguarding the depositors' interests by confining lending to nominally short-term needs, such as financing working capital."

They identify a case for banks to address themselves to needs for loans, hire purchase and debt capital as a whole—"a comprehensive one-stop financial service for the small firm."

More radically, they argued in their address to the economics section of the meeting that it might be in the banks' own interest, "if they were prepared to provide capital in the form of non-voting equity, or performance-related loans, as part of their mainstream activities."

The researchers found that a particular need for relatively large amounts of capital arose mainly to finance the developing and marketing of new products, and was greatest in biotechnology ventures, where products had a long gestation.

They noted two fundamental limitations on bank financing. One was that it took the form of loans only and not equity. The other was that the lending criteria "are such tha t substantial sources of capital may be needed from other sources if the firm is to be adequately funded."

Businesses often turned to venture capital funds, some of which also provided start-up capital. But few venture capital funds were prepared to invest less than £250,000 because of the time-consuming procedures needed for weighing the future potential of businesses.

The researchers singled out 3i (Investors in Industry) as a venture capitad fund that provided particularly intensive support for its investments. A 3i consultant dealt with only five investments, providing "advice, recommendations of specialist help and, on occasion, direct input to any area of weakness."

BELFAST 1987

Gas pipe inspection

British Gas's "intelligent pigs," the robots inspecting the buried national high-pressure gas transmission system, had reported over 800 anomalies, of which 97 per cent of those investigated further were within 1.5m of the position pinpointed by these robot inspection devices.

Dr Ernest Shannon, director of British Gas's on-line inspection service, told the engineering section that its robots had now inspected 6,210 miles of Britain's 10,563 miles of high-pressure pipeline.

The service was mainly designed to locate metal-loss defects caused by corrosion. But it had recently demonstrated that it could pick up signals identifying cracking in circumferential pipe welds.

As a result they had been able to find and repair leaking transmission pipes, he said.

The inspection system is designed to reliably detect and accurately size a defect as small as a centimetre in diameter on an 80 km length fo pipe with a surface area of some 3,000m sq cm.

Typically, a run generated 500m inspection readings, which were processed by the pig's on-board computer and recorded on tape.

Since older pipelines had not been built to serve as highways for intelligent pigs, they had to adapt to such anomalies as circumferential welds every 13 metres, as well as valves that were partly closed and steep—even vertical—gradients.

Personnel shortages

In his presidential address to the economics section, on supply and demand of technically qualified people, Professor Aubrey Silberston, of Imperial College, London, identified four main types of potential of engineers and scientists in Britain.

The first type of shortage arose in schools and university posts because of low, fixed salaries, and seemed almost certain to worsen.

The second type, in which salaries moved freely and were above the long-run price of graduate engineers, occurred in limited sectors, notably those connected with the City. "Here it is doubtful how far engineers as such are wanted, as opposed to able, numerate engineers."

The third type of shortage affected engineers in the engineer and allied industries, where salaries were above the long-run supply price but moved only slowly. "There is a shortage of these, and the opportunities offered will certainly help induce able students to train as engineers,55 Prof Silbertson said.

He said the picture was patchy. There were shortages of electronic engineers and surpluses of civil engineers. "But there seems to be a marked tendency for the demand for professional engineers to rise relative to that of other groups within the engineering industries." In the long term, a general shortage was likely to develop, he said.

His fourth type of shortage "is one in which postulated excess demand is at issue rather than actual excess demand." Some of those postulated shortages—for example, of craftsmen and technicians—were among the most important. They involved big changes, some very long-term, "but they give us a target at which we ought to aim over a long period."

Viruses with uses

Viruses, usually seen as a plague on mankind, were finding uses, said Professor Sam Martin, director of the Medical Biology Centre at Queen's University, Belfast. They could be considered as very simple organisms or as very complex molecules, for at their level of organisation it was difficult to say whether they were dead or alive.

As virus particles outside a living cell, they could be crystallised and showed none of the characteristics of living cells. Inside such a cell, they could replicate and direct the production of proteins, to the detriment of the host cell.

Vaccinia, the cow-pox virus used successfully to vaccinate against smallpox, could be genetically modified to stimulate antibody production against other virus diseases such as influenza, measles, rabies, hepatitis and even AIDS.

His group was trying to engineer genetically relatively harmless animal viruses to act against serious animal diseases. One possibility was to use a harmless virus of foxes, such as canine distemper virus, to carry antigens of rabies.

Another type of virus, the baculovirus, was a potential viral insecticide capable of attacking many insects of different strains with high specificity They were also stable and could be cultured in large quantities, then dried to a powder to make application easy.

Independent to provide LWT news service

By Clare Pearson

LONDON WEEKEND Television has awarded a £3.5m two-year contract to operate its first news service to Screen News, an independent news and current affairs production company.

The move reflects pressure on independent television companies from the Independent Broadcasting Authority to enhance news coverage and from the Government to increase investment in independent production companies.

Mr Ken Hayes, head of Screen News, said yesterday: "We aim to provide news about a wide range of weekend-orientated subjects with our own team of journalists, both on and off the air."

At present, Thames Television provides LWT's Friday night 15-minute news programme, while at other times announcers on screen read unillustrated London Broadcasting Corporation bulletins.

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Zenith joins fray with personal computer launch

BY DAVID THOMAS

COMPETITION IN the personal computer market is likely to intensify with the UK launch today of a machine by Zenith, one of the leading US personal computer manufacturers.

The machine, called the Eazy PC, was launched in the US six weeks ago and is a first attempt by Zenith to sell in volume to the UK home, business and education markets.

Computer analysts' comments on the machine were generally favourable. They said the Zenith PC would be competing with the personal computer range recently announced by International Business Machines, as well as with machines from Olivetti and Amstrad.

Mr Clive Taylor, managing director of Zenith UK, said the Eazy PC was designed particularly for first-time users in the education and small-business sectors. It incorporated features that made it easy to operate and minimised the amount of training required.

Zenith, whose computers are IBM-compatible, are much better known in the US than in Europe. Previously, they have confined most of their European business to large companies.

Mr Taylor said Zenith was hoping to sell about 30,000 machines worth about £32m in the UK this year, up from sales of under £11m last year. That estimate excludes any sales of the range being launched today.

The company is hoping to sell about 25,000 of the Eazy PC range in its first full year. The new range is also being launched on the Continent today.

The range has three models, all of which display high-resolution graphics and text on a white background, resembling a printed page. They share some of the technology of IBM's new Personal System/2 Model 30 personal computer.

Model 1, costing £499, has one 720K 3.5-in disk drive. Model 2, costing £599, has two such disk drives. Model 20, costing £899, has a 20-megabyte hard disk drive and a 3.5-in floppy drive. All prices exclude VAT and printer.

Zenith intends to sell the machines mainly through dealers, although it is also talking to several high street retailers about stocking them. The machines are to be made in Taiwan and at Zenith's plants in the US and the Irish Republic.

Computer analysts said the new Zenith machines were priced attractively enough to do well in the corporate market, particularly in competition with medium-priced machines suchas the latest IBM range.

However, Mr Marek Vaygelt, an analyst with Romtec, a market research consultancy, also cautioned that it might be difficult for Zenith to penetrate the UK education market, where there are a number of entrenched suppliers and where compatibility with IBM is not so important.

Zenith also announced additions to its more powerful range, using Intels 80286 microprocessor, costing between £1,845 and £2,295.

Car registrations hit August 20-day peak

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR SALES have continued to set records this month. More cars were registered in the first 20 days than in the same period of any month in any year.

The 327,508 registrations were more than 8 per cent ahead of the 302,928 for the same days of August last year and beat the previous best 20-day total of 303,943 in August 1983, according to the Society of Motor Manufacturers and Traders.

If the industry sells as many cars in the last part of this month as in the same days last year, registrations will reach more than 400,000 for the first time in any month.

Suggestions have been raised that the industry lacks enough stock to cope with the demand created by the introduction of the new number plate prefix letter—E this year—so the 400,000 may not be achieved.

Ford, the market leader, has sold as many cars so far this month as its two nearest rivals put together. Its share of the 20-day sales was 27.61 per cent compared with 27.96 per cent in the same period last year.

General Motors, the Vauxhall-Opel group, reached 13.78 per cent (14.44 per cent) and Rover 13.42 per cent (14.13 per cent).

Peugeto-Talbot, with a 20-day share up from 4.98 per cent to 5.66 per cent, and Renault, up from 3.87 per cent to 3.88 per cent, were the only leading companies to increase market penetration.

The Japanese market share fell from 11.98 per cent to 10.3 per cent in the 20 days. The total importers' share was down from 60.41 per cent to 55.01 per cent.

Farmers chief polluters of rivers, water body says

BY RICHARD EVANS

THE CHIEF culprits in polluting Britain's rivers are farmers and offenders should be fined the maximum £2,000 as a matter of course, says a report published yesterday.

The report, by the Water Authorities Association (WAA) and the Ministry of Agriculture, discloses slight reduction of 100 in farm pollution incidents in 1986, to 3,427, but the figures still single out farmers as the chief offenders.

The report says: "Farmers must make further efforts to reduce pollution by organising their farms and managing their operation to achieve this."

Pollution stems mainly from inadequate capacity to store slurry, or from mixing clean water with contaminated drainage, which leads to large volumes of waste in wet weather. Poor management of waste disposal by farmers also causes pollution.

The report says some positive moves have been made within the past two years towards preventing pollution. Grants towards farm improvements to avert pollution have been increased to 30 per cent of all grants in lowland areas and 60 per cent in less favoured areas.

Much public concern has also arisen about the very low fines generally given by magistrates for pollution offences. It has been argued that polluters found it cheaper to pollute and to pay the fines than to undertake the work necessary to prevent pollution.

Water Pollution From Farm Waste, 1986. England and Wales. Water Authorities Association and the Ministry of Agriculture, Fisheries and Food. WAA Publications, St Peter's House, Hartshead, Sheffield, S1 1EU. £3.50.

Robbed safe deposit centre attracts buyers

BY RALPH ATKINS

THE SALE of the Knightsbridge Safe Deposit Centre, the scene last month of Britain's biggest robbery, yesterday provoked a flood of inquiries from potential buyers.

Ernst & Whinney, the accountancy firm appointed administrative receivers to Security Deposits, the vault's owners, said it had received a dozen calls by 9.30 am and there had been a steady stream throughout the day.

The sale of the assets and business of Security Deposits includes vaults in St John's Wood, London. The company has about 8,500 safe boxes plus associated security systems and guards.

In the 16 months to March this year it had a turnover of about £100,000. When the safe deposit centres were bought by Security Deposits two years ago they were valued at about £1m.

Last week the company's bankers, Fidelity Bank NA, appointed two Ernst & Whinney partners as joint receivers

Last month property worth £30m was stolen from the vaults but yesterday Mr Nigel Hamilton, one of the joint receivers, said procedures had been tightened.

Security Deposits is running at a loss but Mr Hamilton said it was moving towards making a surplus.

● Mr Parvez Latif, 33, managing director of the Knightsbridge Safe Deposit Centre, was further remanded in custody yesterday by Horseferry Road Magistrates Court, London, charged with robbery of property worth £30m from the centre. No application was made for bail.

Tokyo tows off another marketing coup

Nick Garnett on sales growth for Japanese baby tractors

THE BABY tractor has arrived in Britain. It can be seen just about anywhere—in local authority parks, on golf courses or ferrying tiny trailers around horticultural sites.

The rise and rise of the "compact tractor" is another marketing coup for the Japanese. It might not rank quite in the league of the Sloane four-wheel-drive off-road vehicle or the Walkman, but in Britain the Japanese have literally created the market for this small machine—and they continue to dominate it.

In 1980, 49 tractors of under 20 hp were sold—0.2 per cent of the tractor market in terms of numbers—according to the Agricultural Engineers Association. Last year more than 760 were sold—4 per cent of the market—while another 200 were purchased in the 21 hp to 30 hp range.

These figures include only tractors registered for road use and some form of agricultural application. Sales growth as a whole has been even more rapid. Other industry figures show that almost 1,300 of those machines below 20 hp were sold. Kubota, followed by Iseki, accounts for more than half those sales. Other Japanese producers include Yanmar and Hinomoto.

North American farm equipment makers have also been in this expanding market for several years but most are badge-engineered, Japanese-made machines.

Ford was number three in unit sales last year in the UK, but all its small tractors are made by Shibaura. Massey markets under its own name small tractors made by Toyosha.

Only John Deere markets a US-made tractor under about 30hp—the cutoff power range that defines the "compact." However, the tractors it makes at Horicon, Wisconsin, use Yanmar engines.

The impact in the market of the Japanese small tractor—a ubiquitous farming tool on the tiny Japanese farm—has been, if anything, more severe in continental Europe than in the UK.

In Britain there was never any direct competitor.

Costing from £5,000 to £12,000, the machines have become a favourite with local authority and sports groundsmen. They have consigned to the scrapheap many of the old and much larger 35hp tractors of the 1950s which were working out their final days on sports grounds and in municipal parks.

The Japanese have done more damage in Europe because a large industry in small farm machinery already existed. A combination of the compact tractor and the Japanese-made motor-cultivator (a walk-behind machine used on countless tiny European farms) has wiped out a large slice of French motor-cultivator manufacturing and some of its small tractor making.

Japanese compacts are increasingly popular with groundsmen and park keepers

Ten years ago the Japanese had 5 per cent of the French market for tractors under 34hp. Now it has 80 per cent. They also have more than half the motor cultivator market in France while also taking about half the small tractor market in West Germany and Denmark.

Italy has been the one country that has kept the Japanese out. A policy of protection based on making it virtually impossible for the Japanese to obtain export licences has kept Japanese penetration very low.

The Japanese had just 2.5 per cent of the small Italian market for tractors under 34hp last year and less than 2 per cent of the huge sales of motor cultivators.

Italian makers of compacts have been given a free rein in their domestic market but have lost share to the Japanese elsewhere. There are signs, though, that Italian makers, which include Ferrari and Bertollini, are trying to fight back. Both are introducing new models soon into the British market.

At the same time, the industry expects Case International of the US to begin marketing compacts, while Deere has given notice that in the next three years it wants to move into third place in UK sales.

However, Mr John Hawkins, managing director of Iseki UK, says the British market for compacts will continue to expand and almost everyone in the industry seems to agree.

The other question surrounds the competitive intentions of the Japanese in the European bread-and-butter market for medium tractors from 50hp to around 100hp.

Kubota and Iseki make tractors in that power range. Their sales are relatively small, with a weak domestic market to work from for such machines. They have been trying to expand in the US but they have always been much more cautious about the intensely competitive European farming scene.

Two years ago Japanese tractor makers were exporting annually only 7,000 tractors above 30hp and those were mainly sold in the Far East. Freight costs are high. Kubota also seems to be showing increasingly less interest in the UK's yearly Smithfield farm machinery show.

On the other hand, Iseki has said that it wants to set up a tractor assembly plant in Europe and its British sales operation has been encouraging it to look at the UK to do so.

Many Western producers still believe the Japanese will not drive hard into the European medium tractor market because the financial pickings are so meagre. Hardly anyone can make a reasonable profit.

Some managers, though, are not so relaxed. "If a Japanese says he is not really interested in doing something do you believe him?" said one US farm machinery manager at a recent equipment convention.

TECHNOLOGY

In search of a cure for sick buildings

Paul Cheeseright reports on efforts to redesign office blocks to make them more healthy

LETHARGY, headaches, sore throats, watery eyes, runny noses - these are some of the symptoms suffered by people who work in an office building which is classified as sick. A few hours after leaving, the symptoms probably disappear.

Building sickness, a problem now exercising the minds of developers, architects and engineers, is a subject which tends to generate more emotion than fact. That it exists is not in dispute. But why it exists and what to do about it are controversial.

"In this country we're still at the investigative stage," says Peter Jackman, of Building Services Research and Information Association (BSRIA).

First, a distinction must be made. The building sickness complaint is not related to isolated incidents of toxicity: a dead pigeon in the water storage tank which is linked to a drinks machine, for example. Rather, it is a malaise, a general physical dissatisfaction related to office working.

This malaise is associated with, but not necessarily caused by, the physical surroundings. The classic sick office, says John Sears, building services engineer at Johnsons, the Bristol architects, "has large open spaces, carpets, tinted glazed windows and air conditioning."

Building Use Studies, a consultancy, recently published the first section* of a two part report on the office environment, based on a survey of 4,373 workers in 46 buildings. The report finds that while "building sickness is more prevalent in air-conditioned buildings, it is not exclusive to them."

Certainly air-conditioning crops up continually as a source of complaint. "Air-conditioned buildings had consistently higher rates of sickness than buildings with either natural or mechanical systems of ventilation," says the report.

'The last thing management wants is an environment adding to stress'

But there are variations in the level of complaint within buildings with the same type of air-conditioning system, so it cannot be the source of all ills.

And, says Building Use Studies, "buildings occupied by public sector organisations, across all ventilation categories, had consistently higher rates of sickness than those occupied by private sector organisations."

This suggests a link between building sickness and the nature of the work that takes place inside, a point stressed by the Heating and Ventilators Contractors' Association.

"Not only do air and surface temperatures, humidity, air movement and air purity play a part, but the attitude of people around us, the organisation of space, colour schemes, lighting and so on all have an influence on mood and work output, says the association.

Sears sees the problem as a reaction to a monotonous environment. "We live in a climate that is constantly changing and yet for years we've designed buildings to have a constant environment."

He cites lack of variation in the lighting, sealed windows, air-conditioning put in at minimum cost and a loss of individual control over heating. All of this, he says, leads to "environmental monotony."

So the question comes back to individual responses to office design. Julian Barwick, of MEPC, one of the main British property development and investment groups grappling with building sickness, concludes that the problem has probably got a lot more to do with "the general feel of office buildings," right down to the colour of wallpaper and carpets, than to air-conditioning and ventilation. Get the feel right and "you are a long way down the line to solving the problem that is perceived to be there." But "the feel" is essentially subjective.

What is more general is the notion that there are good and bad office environments. In a national office design survey, Healey and Baker, surveyors, finds that 55 per cent of tenants are prepared to pay more for better-designed, higher quality buildings.

The most stringent demands come from computer and electronics companies and the financial services sector. This ties in with the more specific experience of Thomson Laboratories, of Milton Keynes, which has a joint venture company with BSRIA to cure building sickness problems.

"We used to get most health and safety investigations from industrial companies. In the last six to nine months, there's been a steady increase from banks and computer companies," says Nancy Thomson. Often the requests for help come from companies with a large proportion of highly paid staff.

"The last thing management wants is an environment contributing to stress," she points out.

There is no panacea. But changes can be made which divorce symptoms of building sickness from the perception that the installation itself is the cause of malaise.

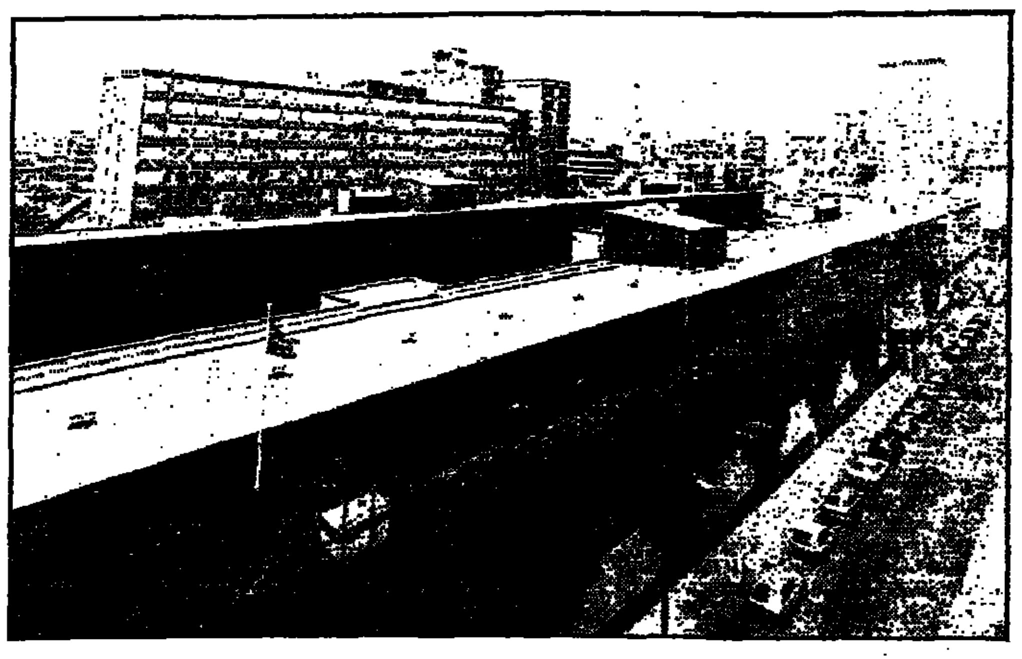
Barwick sees scope for action in better humidity control, in the ventilation system and, even though it costs more, the introduction of larger amounts of fresh air into air-conditioning systems.

Sears is pressing his clients to introduce more up-lighting to vary the downward light from flouresecent strips, to have windows which can be opened despite the presence of air-conditioning and to introduce air next to desks.

The object is to give individual office workers greater control over their immediate environment. One source of complaint is the lack of a feeling of control.

As Building Use Studies puts it: "The causes of building sickness may be neither mysterious nor sinister, but lie with the fact that, in many buildings, complex services are required which no one is prepared to pay for."

* *The Office Environment Survey, published by Building Use Studies, 14/16 Stephenson Way, London, NW1 2HD; £75.*



• Northgate - the most intelligent building in Scotland - according to its owner, the DCI property group. Its exterior is double-glazed, solar-reflective curtain walling

The intelligence factor

DCI, the Glasgow property group, claims that Northgate, the new office building which it is letting in the north of the city, is the most "intelligent" in Scotland and probably the UK. But, it warns, construction costs of such a block can be as much as a third more than usual.

An intelligent building is not simply designed to avoid conditions which produce runny noses. It also incorporates facilities which permit advanced electronic communications and are economic to use.

The object of DCI has been to provide what Patsy Dewar Gibb, a director, calls "a total environment which is healthy." That, she says, takes care of the sick building syndrome.

Northgate has two three-storey blocks (and a tower to follow), with 20,000 sq ft on each storey. The exterior is double-glazed, solar-reflective curtain walling.

All the services are above and below the working area. Lighting and heating installations are above suspended ceilings, while metal deck floors are raised to cover three-duct busbar trunking.

The trunking runs both along and across, so that telephone and computer connections can be made at any point on the surface area. The floor is covered with anti-static carpet tiles.

Thermostat controls for the fan convector air-conditioning are brought down to 3-metre modules where the tenant has partitioned the floor space, and down to 6-metre modules where open plan is adopted. This gives some element of individual control.

The lighting is even and automatically set to balance itself with daytime conditions. But there are no light switches.

Sensors detect when a person enters a room, turning on the lights and air-conditioning. Similarly the washrooms have sensors which detect when they are being used, so that the flushing of urinals takes place after usage rather than at predetermined intervals.

Use of the electronic devices leads DCI to claim that lighting costs can be reduced by 80 per cent and heating and ventilation costs by 45-50 per cent. Water use can be cut by 90 per cent. At the same time, the company asserts that because of the building's high specifications - its intelligence, in fact - staff efficiency is raised by 10 per cent.

DCI is soliciting tenants not with a rent-plus package of costs, but with a total accommodation charge of £10 per sq ft, excluding rates.

Computer clues to the shape of a lost world

TECHNOLOGY could make a big contribution to preserving ancient landscapes and buildings, according to a report by the Office of Technology Assessment*, a research arm of the US Congress.

The report identifies the role that computers can play in this area. By storing information about the appearance of a historic plot of land or a building, they can make it easier to monitor conservation efforts. They can also facilitate the interpretation of physical features which shed light on past events.

For example, satellite photographs can provide important historical information which is then stored in databases. Existing computer files, like those run by the US Department of Agriculture's Soil Conservation Service, contain a wealth of potentially valuable data of this sort.

The report says that many problems in conserving fragments of the past are bound up with lack of knowledge about what is worth preserving. "The greatest threat to historic landscapes is destruction, either by ignorance or intent. The application of appropriate technologies could make a significant difference in improving the preservation of significant landscapes."

Historians can make discoveries, for instance, through computer analysis of the types of vegetation found in specific places. Signs that daffodils, flowering shrubs or fruit trees have been cultivated there in previous eras may indicate abandoned homesteads.

This kind of research has paid off for historians anxious to find out about the Pueblo indians in south-western areas of the US. By finding scattered remnants of saltbush and wolfberry, they came closer to identifying the whereabouts of the indians' ancient dwellings.

Computers can also help to analyse records of the shape of buildings. This can be done in with a photographic technique called photogrammetry, which provides detailed measurements of parts of a building, such as windows or door frames.

One of the fastest moving areas of technology with an impact on conservation techniques concerns computerised mapping systems, which are similar in concept to the computer-aided design equipment used in industry.

These systems permit researchers to build up files of data relating to a piece of land. The files contain drawings showing the physical layout of buildings and land contours, together with textual information - for instance, the dates the buildings were constructed and any possible threats to the area from development plans.

Several government bodies have built up experience with such systems in planning the use of resources. The state of Mississippi has used computerised equipment to conduct studies on nuclear waste disposal and drainage.

The US Army has done similar work in determining the layout of land areas for mock battles or training courses. The report suggests that methods used in studies of this kind could be harnessed to help the cause of conservation.

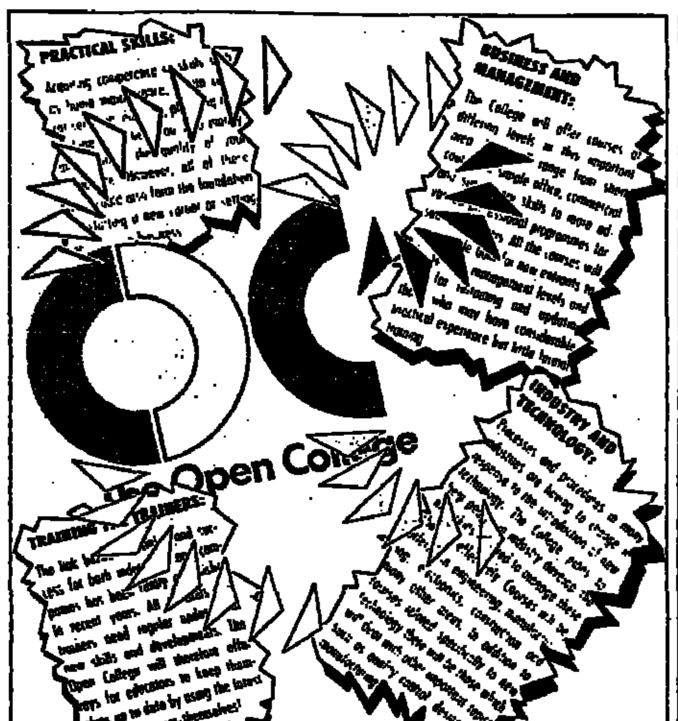
* *Technologies for the Preservation of Prehistoric and Historic Landscapes, Office of Technology Assessment, Washington DC 20510-8025.*

Peter Marsh

MANAGEMENT

Why college has come into the open

Charles Leadbeater on the establishment of a broadly-based UK training facility



WHEN SHEILA INNES and Richard Freeman started working together in January in a small London office equipped with a failing photocopier, it must have seemed difficult to believe that just nine months later they would be about to launch one of the most ambitious developments in education and training in the past 15 years.

They hope that over the next year the Open College will become a household name by providing training to a mass television audience.

The College's prospectus of courses will be launched tomorrow. The first programme will be broadcast on September 21.

The aim is to provide training courses up to degree level through a combination of broadcasting on radio and television, work books, videos and audio cassettes, for people to study at home at their own pace. Initially Channel 4 has agreed to provide 90 hours of television a year, till 1990, with half-hour long training programmes broadcast between 1pm and 2pm.

Discussions are at an advanced stage with the BBC, the independent television companies and independent radio stations to provide additional air time. Innes, its chief executive, was formerly the BBC's controller of educational broadcasting.

While the college hopes to reach a broad audience of individuals, it expects to form extensive links with companies. Freeman, the courses director, says: "Open learning is already a proven product with many companies. It is a cost effective, flexible way to promote training without losing time for off-the-job classroom lessons." The college will increasingly co-ordinate the development of open learning programmes which have been introduced in a piecemal way over the last few years.

The College itself has a skeleton staff. As Freeman explains: "The college is essentially a marketing and sub-contracting operation. Through television and other media we will market training programmes to a wide audience - which already exists. We are commissioning all the material from existing providers with a track record."

About 10 television production companies were chosen from hundreds of applicants to provide training programmes. One third of the college's output each year will be new, with the remainder repeats.

The courses, which will mostly be targeted towards vocations, will initially be organised around six broad themes. Basic skills for people with reading and writing difficulties will also include courses on numeracy and computers. There will be a set of courses aimed at technician level qualifications in the construction, engineering, electronics and computer industries; programmes for people working in services such as tourism, catering and retailing; managerial training for marketing, accountancy and team building, and programmes to improve the skills of trainers themselves.

Aldwyn Cooper, the college's marketing director, says these will appeal to three broad groups: those in work who want to develop their careers, and learn new skills; the unemployed who want to gain skills to find a job, and those who just like learning. After enrolling, students will be given a 16-page brochure which will advise them about courses, but also to consider how they like to learn.

Cooper says: "We will be dealing with people who last studied when they were at school and many of them will not have happy memories of that. The college aims to provide particular training and skills. But beyond that we hope it will encourage a new culture of learning."

Extensive research on what courses people want and how they should be delivered has found that the potential market might be more than 4m.

The college hopes 50,000 will enrol in the first year, growing to 250,000 in the third year, and one million in year five. Course fees will vary from £20 for a basic two-month course to £450 for a company seminar. The college has also negotiated discounts on video recording equipment to make it possible for people to study the programmes repeatedly at a time of their choice.

Already one organisation has identified a course which it estimates would have a potential market of 500,000 within its sector.

The college is also looking for corporate sponsorship of particular training programmes as the Government's initial £15m investment over three years runs out. A corporate marketing team will also explore ways of developing programmes tailored to particular companies.

Although the idea of providing training through television is a radical departure, the college has been able to draw on the experience of the Open University in providing degree level courses. However, it believes it has gone a step further than the University in its provision of support facilities for students.

By the end of September a small group of field officers will have established more than 100 gateway centres which will enroll students, and provide counselling and tuition. The centres will be housed in colleges of further education, companies' offices, local libraries, and other publicly accessible sites.

The field officers are also recruiting part-time course tutors who will supervise and guide trainees to ensure that they do not feel *isolated* sudying at home and to ensure some discipline in the learning process. Generally the teacher/student ratio will be between ten and twenty to one.

Freeman says the college's success will hinge on offering benefits to all involved in training. For trainees it will be an accessible, flexible way to train from home, without the disruption of making time for evenings at night school. For companies it offers cost-effective training which could in future be designed for their needs. And yet the programmes will be a major addition to the nation's training capability, creating a much needed addition to the training infrastructure.

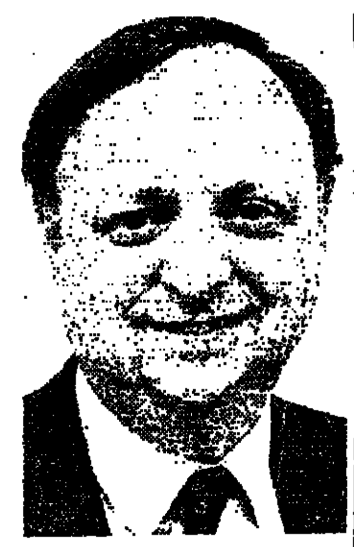
But despite the attractions of the idea, is the college assured of success? A few weeks away from its launch few among its potential mass market will have heard of it. Is it likely they will enrol in their thousands over the next few weeks?

Cooper admits that the college may not yet have a high public profile. But it is not overly perturbed. Freeman concludes: "So many media initiatives have been launched in a blaze of publicity, but the product behind them has not been strong enough. We have been concerned to ensure that the product is right before blowing our trumpet about how good we are."

Oiling the wheels of education

INSIDE EDGE

Roger McCormick explains to Michael Skapinker his move from BP to the Business Graduates Association



WHEN ROGER McCORMICK joined BP 30 years ago, the oil industry was like a gently rising mountain. There was nowhere to go but up. You spent your whole life getting to the top.

In recent years, however, the oil business has been through some distressing times. If you get a job in it now, you find yourself on a plateau, with a steep view down to the bottom and the knowledge that you could be in for a nasty fall.

Two years ago, when he was on the board of BP's tanker company, McCormick was heavily involved in cutting back on both ships and people in an effort to get back into profit.

"We were laying off staff, and we were paid to grit our teeth and get on with it. But if, after pushing it through, you could go home and just have a drink you were a wee bit inhuman," he says.

With the industry no longer offering a job for life, it did not seem that momentous a move when McCormick decided to leave BP earlier this year. He was at something of a crossroads anyway. He had just, together with John Constable, co-authored a major report on the state of management education in Britain. Their survey, together with another report by Professor Charles Handy, recommended major changes in the way that Britain trains its managers.

He got involved with the report at the urging of Bob Horton, then a BP managing director and now chief executive officer of BP America. Horton was part of a circle around the UK's then Education Secretary, Sir Keith Joseph, that sought to address the shortcomings in British management education.

After the reports were published, McCormick was offered a job with BP overseas. It was an attractive proposition. He has fond memories of his two previous foreign postings, to the United States in the 1970s and to Aden from 1963 to 1968. His stay in the Middle East coincided with two historic events: the relentless rise of oil production in the area and Aden's movement towards independence. "I was involved in labour relations then," he says. "The people we were dealing with were the ones who went straight from the trade unions via jail into the first independence government." They were exciting times. "The adrenalin was pumping."

But present family responsibilities precluded another overseas job. So when McCormick was offered the post of director general of the Business Graduates Association, it seemed appropriate to accept, despite being, at 54, "too old" to have done an MBA himself.

In his first month with the BGA, McCormick says he already detects a growing hunger by younger managers for formal management education. "Whatever happens to our reports, there's a sense of expansion around," he says. More and more polytechnics have shown an interest in establishing Master of Business Administration courses.

"There's a sense that the industry has recognised the need and the institutions are rising to meet the demand in a way that they haven't until now. The students are looking for professional qualifications in management."

One of the BGA's functions is to help arrange loans for people studying for an MBA either in the UK or abroad. Last year the association arranged £2.5m in loans. The figure for this year is already £3m. McCormick says he expects the BGA's present membership of 3,500 to rise by 20 per cent annually for several years to come.

But should he be so encouraged by the evidence that more managers want to do MBAs? After all, one of the conclusions of the Handy and Constable/McCormick reports was that the American-style MBA had failed in Britain. Yes, McCormick agrees, that was one of their conclusions. But both younger managers and educational institutions are now talking about a significantly different type of qualification.

"I think the providers of management education are looking towards a course that takes place after the manager has had some experience, a course that is modular, part-time and, in the case of the large firms, goes along with in-house management education."

He wants to see more managers outside London and the south east involving themselves in management education. Fifty per cent of the BGA's own members are based in London and surrounding areas. One of his priorities is a boost in the activities of the Association's regional branches.

What of the Government's stance on the issue? The two reports recommended the establishment of a preliminary management diploma which all young managers would be encouraged to take before doing an MBA. Apart from some non-committal, but generally warm words from Lord Young, then the Employment Secretary, ministers have been silent on the issue.

McCormick treads carefully. While the government has given the reports a cautious welcome, he says, they are waiting for employers to lead the way. But, he adds cautiously, "how the government complements the employers will be critical. An early indication of the direction and volume of government support will be a great help."

Management abstracts

Equal pay for equal value, *P. Jaques in Management Services (UK), March 1987 (4 pages).*

Examines the provision of the Equal Pay (Equal Value Amendement) Act 1983 (stemming from Article 119 of the Treaty of Rome), particularly in terms of "like work" and "equal value"; argues that companies which do not have, or no longer maintain, valid job evaluation schemes are rendered particularly vulnerable to equal valueclaims.

The road to the USM is mostly uphill, *S. Slatter and others in Accountancy (UK), April 1987 (3 pages).*

Reports on a study of 116 companies quoted on the Unlisted Securities Market as to the attitudes of top management towards their professional advisers as a result of the flotation process. Finds that there was not always a favourable view, with major complaints being cost overruns and problems with junior staff. Accolades were for thoroughness of assessing the business position and future prospects.

Moving office is a major operation, *T. Glover in Accountancy (UK), April 1987 (3 pages).*

Gives advice and a checklist on the strategy to adopt when moving offices so that not only physical items are moved efficiently, but staff are happily relocated and resettled and customers educated.

In-house broadcasting, *M. Feuche in Administrative Management (USA), March 1987 (7 pages).*

Claims that electronic conferencing costs are tumbling and that travel expense reduction is no longer the main justification; describes four technologies - audio (telephones with speakers), audiographic (freeze-frame pictures sent by telephone line), video teleconferencing (two-way televised meetings), and direct broadcast video (one-way televised meetings). Indicates the sorts of application for which each is suitable and gives advice on getting started.

The video scandal, *G. Wade in Audio Visual (UK), April 1987 (2½ pages).*

Asserts that very few client companies undertake or commission post-production evaluative research on their corporate videos (the 'scandal' of the title) and that the production companies have their own reasons for being lukewarm to the idea; quotes industry experts on the benefits foregone.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

JOBS

How to be the perfectly employable person

BY MICHAEL DIXON

AFTER talking to the Jobs column a while ago, a magazine journalist wrote: "In his view, an interview is a competition which the candidate should play carefully and cunningly, like a game of chess."

That is not quite right, I'm afraid. Certainly I regard the whole job-hunting process as a contest in which applicants do well to be crafty. After all, the recruiters will almost surely be so, and the recruiters have most of the advantages on their side.

But I would not liken the process to a game of chess. Jobgetting is a part of real life. And as the philosopher Alasdair MacIntyre has said,* in real life a move like "Q-QB8, checkmate" is always liable to be defeated by a lob to the backhand corner.*

In such circumstances, where the rules of the contest are mazy and shifting, what constitutes good play will pretty well always be highly specific. There are nevertheless a couple of things readers in the candidate's position can do by way of general preparation which should prove useful in most if not all events.

One is of course to carry out detailed research on the organisation offering the job. The other is to put yourself in an employable frame of mind by memorising, and "internalising" by constant pre-interview repetition, the attributes likely to make you the apple of the typical recruiter's eye.

The fullest list of those attributes which I know of is in a book by the American personnel consultant Martin Yate. Indeed, although written with transatlantic fervour, it is the best book on job-hunting generally that I have come across so far. Its ritzy title is "Great answers to tough interview questions", and it is published by Kogan Page at £3.95.

The keys

Mr Yate refers to the listed traits as "keys". The idea is that the hunters work out for themselves and groove into their minds a variety of phrases for expressing each trait. They then listen keenly to the interviewer's every remark and when a question comes up, reply by hitting the sequence of keys which seems most appropriate in the light of what has already been said and the findings of their previous research. The list as a whole can be thought of as "all the things you are".

For a start, if the employer is a commercial concern, there are three things you are fundamentally motivated to achieve. They are earning money for your company, saving the same, and also saving time. If you are asked for an example of how you handle problems or whatever, the incident cited should have resulted in at least one of the trio and ideally in the lot.

On occasions when even a subtle reference to those achievements would be uncalled-for, you should try to convey the impression of being four other things.

The first is efficent: always looking for and eliminating waste. The second is economical: aware that most problems have two solutions - an expensive one, and the right one for the company. Next you are a follower of established procedures, which you believe are the bedrock of any organisation's success. For instance, if you have useful information you always pass it on to your boss, never to the boss's boss. Fourthly you are convinced that profit-making is a moral good.

Besides being committed to whichever company is lucky enough to employ you, you naturally have a professional commitment to yourself. Accordingly you are six further things. They are:

Reliable, following up on your own work to see that all tasks you are involved in are completed properly while keeping your boss informed the whole way through. Honest, taking responsibility for your actions both good and bad, and always making decisions in your employer's best interests. Proud of doing a job as well as it can be done, attentive to detail and always doing a little bit more than is strictly needed. Dedicated to achieving standards and deadlines. Analytical, always weighing pros and cons instead of acting on the first solution which presents itself. Listening so as to understandwhat is said rather than just awaiting your turn to speak.

The rest of the list consists of things you are as a personality. There are seven of them, as follows:

"Goal-orientated", having an ever-present urge to get things done. Motivated in a general sense to accept enthusiastically any challenge. Able to communicate both verbally and through writing with people at all levels of your organisation. A "team player", never rattled, always ready to smile and lend a hand. Energetic, putting extra effort even into minor tasks. Determined, trying the harder the tougher the going gets. Confident without being self-important, so as to be friendly and open with subordinates and equals and neither intimidated by nor unduly familiar with superiors.

Imaginary

It would of course be superfluous for anyone to point out that people possessing all those qualities just don't exist. While that is true, what matters - as job advertisements frequently make plain - is that the typical recruiter tends to think that they do.

Even so, many if not most on the employer's side of the deskare realistic enough always to suspect that the person on the other side is essentially a confidence trickster.

Hence the book's recommended approach to being interviewed is most likely to prove counter-productive unless the candidates using it are able to "become" the perfect employee character in the same way as good actors "live" their part. The best way to do that is to rehearse yourself in the character, preferably in simulated interviews with several observant friends and if possible in front of a video camera, until you can go into and stay in the role whenever you wish.

You should then be able at will to find your own natural sounding words for projecting absolute employability even in answer to questions designed to surprise you or obligingly stick your head into a noose.

The best known example of the kindly-hang-yourself type is: What is your greatest weakness? The outline reply proposed by Mr Yate - which no canny candidate would reproduce anywhere near word for word, is: "Well, I enjoy my work and always give each project my best efforts. So when sometimes I don't feel others are pulling their weight, I find it a bit frustrating. I'm aware it's a weakness, though, and try to overcome it by showing a positive attitude that I hope will catch on."

His suggested framework answer to another instance - Why aren't you earning more? - is: "I've always felt that solid experience would stand me in good stead in the long run, and that the earnings would come in due time. Also, I'm not the type of person to change jobs just for the money. As a result I now have a solid background that's worth something to my company.... By the way, how much do you think I *should* be earning now?"

That last sentence illustrates a principle that Martin Yate thinks central to proficient job-hunting, which has a lot in common with good salesmanship. The principle is that, wherever plausible, you should end your replies with a question that carries the conversation forward and enables you unobtrusively to control the line of the chat.

For my own part, however, I would add a warning that it evidently does not occur to him to give. Important though it is to be able to go into the perfectly employable role at will, it is even more important to be able likewise to come out of it again. For surely nobody in their right mind would want to be a character like that - except for job-getting purposes, of course.

* *After Virtue. Duckworth, 1981.*

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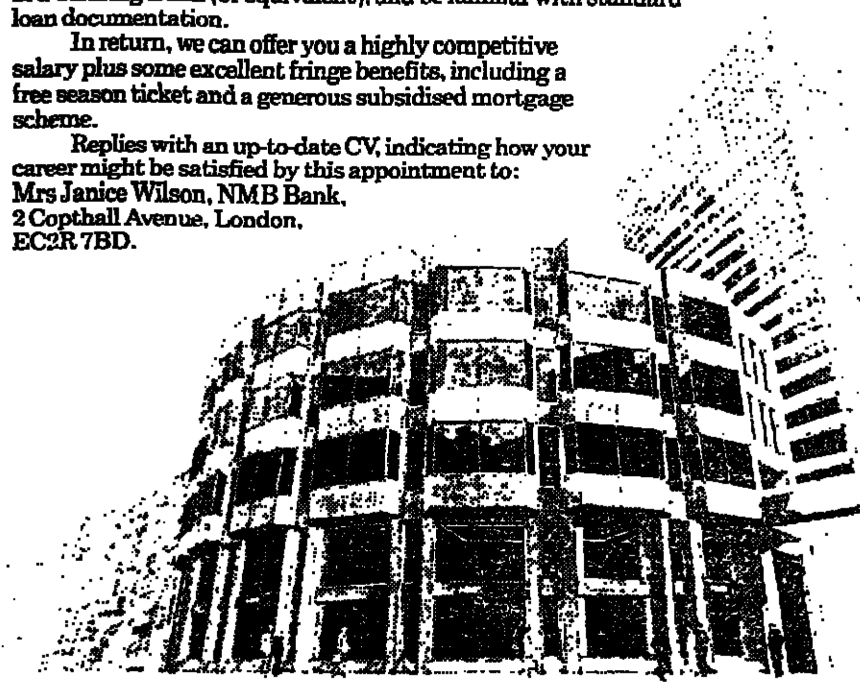

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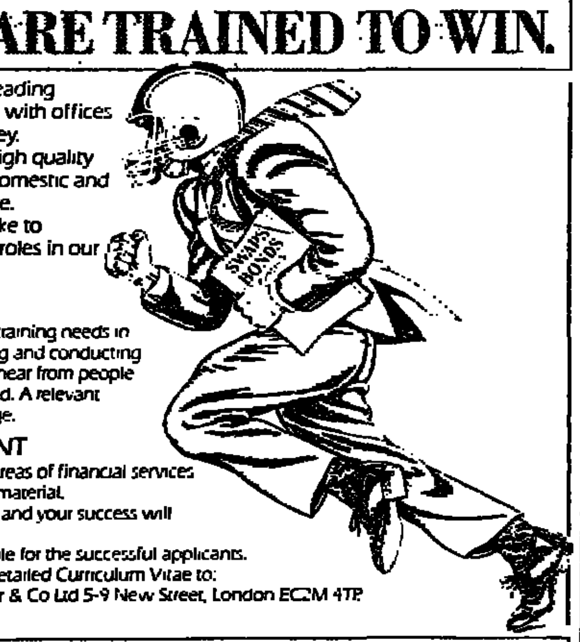

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THE ARTS

Television/Christopher Dunkley

Off the verandah and back to the old green sofa

For a television critic (well, for this one) a summer holiday means Sardinia, where the shepherds still sleep in the fields with their sheep, where conversation is still regarded as the standard form of recreation after dinner, and where it is possible to live for four weeks as though television had never been invented.

Whatever the power of the television habit in Britain—and it is clearly tremendous, with average viewing even now, in the summer, above three hours a day—it seems to be remarkably non-addictive. Once seated in front of the set most people are loth to get up and leave, but if you move to a tiny Sardinian seaside town, to a house where there is no set, the breaking of the habit is utterly painless; there are no withdrawal symptoms. All the hours which would have been devoted to viewing are promptly filled with reading, eating, drinking, and talking; and filled with great pleasure.

Moreover, upon returning, one looks in bewilderment at the programmes on offer and tries to remember what on earth the attraction was supposed to be. I came back just in time to watch the second of ITV's "Viewpoint Special" trio, *Living After The Famine*. The brain knew that Charles Stewart and his colleague Malcolm Hirst deserved our admiration for their insistence on going back again and again to Ethiopia to find out and show what is happening there, now that the famine spotlight has moved away. But the message from the gut was "Oh no, not another guilt trip already."

There was, moreover, or seemed to be, something of a contradiction between this programme and the last in the series, *The Price Of Progress*, which I previewed as it was scheduled for transmission late last night. Stewart's programme gave the impression that newspaper reports about the dangers of the resettlement policy practised by Ethiopia's socialist government were a lot of hooey, and that all Ethiopia needed was long term aid and lots more of it. Yet in last night's programme Bob Geldof declared: "The blunt reality is that people are generally worse off after resettlement."

The first night back on the old green sofa continued with a nostalgic look at *Newsnight*, the best daily programme of its sort ever to run on British television, though now beyond its peak perhaps, and somewhat upstaged by *Channel 4 News*. Despite that it cannot, surely, deserve the fate of being turned into a daily copy of London Weekend's boring single-subject series *Weekend World*, and in particular it cannot deserve to be deprived of Joan Bakewell.

As the years have passed her skills have become more and more polished until, today, she is among the best reporters on British television. Furthermore her looks—significant, whether you like it or not, in a medium where so many of us spend so much of our time looking at the journalists—are as good as ever. It seems absurd to be getting rid of her.

At the end of *Newsnight* BBC2 offered a repeat of a programe for the disabled, shown earlier in the day. BBC1 screened a repeat of a cookery lesson, and ITV was five minutes into a 17-year-old movie called *Macho Callahan*. So, by cramming down the coffee in my Bialetti with a soup spoon, I made a fair imitation of an espresso and hung on for the start of "The Cross Road Gallows" in C4's *Scotland Yard* series. This was the oldest repeat of the lot: one of those fifties murder cases, introduced by Edgar Lustgarten from behind a desk the size of an aerodrome and featuring in minor roles actors who have since gone on to greater things, in this instance John Warwick and David Lodge as policemen.

By what insane distortion of values could the viewing of any of this be regarded as more worthwhile than sitting on Edoardo Congia's verandah with

Helen Mirren and David Morrissey in "Cause Célèbre"

a glass of Vernaccia, watching the sun go down in crimson glory over the headland at Torre del Pozzo?

Still, hope springs eternal, and a glance at the schedules next day suggested that matters might be looking up. Even if, as my distinguished locum Brian Wenham was saying in this space three weeks ago, the licence fee does provide only 9 to 9½ months of new programming each year, so that the screen is packed with repeats in the summer (though ITV needs a different excuse) television does benefit from the abundance of sport in the summer. Last Wednesday we were promised *International Athletics* from Zurich on all four channels, and a documentary about the MCC bicentenary, *200 Not Out*, on BBC1.

Yet in the event the best programme of the evening turned out to be the first half of an *Elkie Brooks* concert on BBC2. Not that it was the least bit interesting visually: it looked like every other pop concert televised in the last five years, with that stilted over-the-head clapping from the audience and the usual lighting effects marked by all the subtlety of a searchlight battery. It would have been just as enjoyable on radio, but it was worth suffering the tedium of the pictures for the sake of that wonderful Brooks growl and all the lovely rubato.

As for the athletics, the meeting seemed to suffer from a serious attack of absenteeism, presumably because of the proximity of the World Championships in Rome; and *200 Not Out* looked like one of those documentaries which department heads sit on until midsummer in the vague hope that they will not be seen by anybody who matters . . . such as their superiors. Admittedly in this case the anniversary must have dictated the transmission date, but the fact remains that this programme, like BBC1's Friday documentary about J. Arthur Rank, *The Golden Gong*, suffered from an over-fondness in their presenters. Neither MCC member Benny Green nor Rank alumnus Michael Caine was able to include that note of scepticism or the hint of acid which can persuade the viewer to accept an otherwise over-indulgent sentimentality.

The week was not entirely without enjoyment. BBC2 finally brought to the screen a batch of those works made by people graduating from film schools which have, several times in the past, been highly praised in this column. *A View From A Window* was a slightly mawkish but wholly professional story—and story is the word, with beginning, middle and end—of a young Asian nurse befriending an elderly Asian patient with dire results. Made by Suri and Shalini Krishnamma it starred Saeed Jaffrey and Rita Wolf, who took leading parts in *My Beautiful Laundrette*.

Better still was Bryan Sinclair Morgan's *Roach Motel*, a film which managed to be simultaneously a slick thriller, a pastiche of the American slick thriller, and a technical tour de force. Watching the photography of Klaus Witting and Philip Shotton of the couple in the cockroach infested motel room you were reminded of the dreadful lack of visual impact—indeed, the absence of any visual awareness—in so much television work.

There was also an excellent, albeit brief, programme in C4's *Masterworks* series, produced and directed by Reiner Moritz, in which Ed Mullins gave another of his urbane thumbnail sketches of individual artists. The way in which he allowed his admiration for the early portraits of David Wilkie and his distaste for the later narrative work to emerge was a model of fine control.

Other impressive programmes included *Energy From Waste*, an illustration by the Open University of the contrasts between Dusseldorf's astonishing waste conversion scheme in which rubbish is turned into district heating, and Britain's ghastly "land-fill" practices, a programme which started after midnight but was much more worthwhile than many a current affairs programme. Then on Sunday Anglia brought *Cause Célèbre* to ITV, a great big costume drama with all the old fashioned virtues—plot, cars with running boards, court scenes, Fairisle sweaters, violent death and a splendid rôle for Helen Mirren.

Yet even this, with its abnormally high entertainment quotient, could not compete in terms of visual satisfaction with the sight of shepherds driving their flocks across the shining golden stubble of the Sinis peninsula. And when it comes to the more average sort of programme on summertime television—*Hit Dancin'*, say, or *Terry And June*—well, you can have more fun watching the lizards underneath a Sardinian water melon stall.

Bayreuth Festival

Herzog's Lohengrin

One of the characteristics of modern operatic production seems to be the saving of a last twist of interpretation for the closing pages, giving the audience an unfamiliar taste to take away with them after the final curtain. Bayreuth in recent years has furnished several examples—a *Tristan* in which the final sequence of dialogue, carnage and *Liebestod* is merely a hallucination of the dying hero; a *Meistersinger* which ends with Sachs and Beckmesser leaving arm in arm for a private commiseration elsewhere; and a *Parsifal* in which a flock of women make a pointed entry for the final blessing.

Nadine Secunde as Elsa

In the new production of *Lohengrin*, Elsa and Ortrud—rivals who Wagner stipulates must die in the final scene—survive and are reconciled. There seems to be little justification for this, save for the notion that, having fallen under Ortrud's spell once, Elsa can never entirely escape, and is doomed to a common fate of widowhood in the bleak world that remains.

This was the only licentious touch in an otherwise finely realised and unpretentious production by the West German film director Werner Herzog. The extravagant imagination behind his screen work — *Fitzcarraldo* among others—had prompted speculation that Bayreuth was letting itself in for another controversy. In the end, it was the avant-garde lobby that Herzog disappointed, with his text-book display of static Wagnerian music drama, returning *Lohengrin* to the poetic world of romantic legend, and divesting it of the bleak, militaristic and intellectual clothes it had worn in previous postwar productions by Wieland Wagner and Götz Friedrich.

For most of the evening Herzog allowed the production to establish its identity through the Nordic stage pictures of the young Munich designer Henning von Gierke. The first and last acts were dominated by the cold grey light of winter sun. Act two was set at the head of a moonlit harbour flanked by a Gothic portal, with water audibly lapping on the shore. The performance ended in the gentle drift of snowfall. The arrival and departure of Lohengrin, achieved through a miraculous funnelled mirage of blue laser light and dry ice, illustrated one of the production's outstanding features: the way the complex technical construction of the stage was never allowed to impinge on the audience's attention.

Perhaps the pendulum is already swinging back to a less manipulative and more fragrant decorative style of Wagner production. Or perhaps Herzog—with only one previous opera production to his name—is still finding his way in the theatre. With a few more stagings under his belt, he would probably produce something much more combative than this entrancing narrative.

The cast was visually and vocally very presentable. Paul Frey in the title rôle proved an excellent investment for Wolfgang Wagner, who plucked him from the provinces for a role that is ideal for his lyrical, soft and confident heldentenor. Nadine Secunde's Elsa was a Scandinavian beauty with a powerful, but not ideally pure voice. Ortrud proved to be Gabriele Schnaut's best Wagner role to date. Ekkehard Vlaschiha had the commanding heroic baritone for Telramund. But it is astounding to find him being congratulated for commuting between new productions of *Salome* and *Lohengrin* in Munich and Bayreuth at the start of the festival: no doubt it explains why he cheated on the length of important notes in the opening of Act Two. The orchestra under Peter Schneider provided an eloquent accompaniment, and the chorus was fully up to Bayreuth standards.

*

Meistersinger, *Tristan und Isolde* and *Parsifal* were freshly revived in existing productions (Wolfgang Wagner's 1950s-style *Tannhäuser*, new in 1985, was also on view). As well as conducting the last performances of the superb Ponnelle *Tristan* production, Daniel Barenboim took over *Parsifal*, and like James Levine two years ago, tried to outdo Knappertsbusch in the spaciousness of tempi, especially in the Prelude. Where Levine made the silences self-conscious, Barenboim's reading was in danger of sounding pendulous or—in the Transformation Music — unnecessarily forced. His flexibility in the second and third acts worked much better, especially in harness with the seductive beauty and carrying power of Waltraud Meier's Kundry. To Alan Opie fell the difficult task of following Hermann Prey as Beckmesser in Wolfgang's avuncular, evergreen *Meistersinger* staging, a task he accomplished with fine musicianship, taking Beckmesser even further away from the bumbling caricature to the plausible, if humourless, suitor. Michael Schoenwandt, another festival debutant, unfurled the score with youthful spring and refreshing clarity.

With no *Ring* to stir political divisions, it has been a good year for first-time visitors and traditionalists alike, to see Bayreuth running on its smoothest festival wheels and to marvel at the way Wolfgang continues to work tirelessly for the best of modern technical and housekeeping resources without sacrificing his vital and ubiquitous personal touch. The Festspielhaus has never been better equipped, its gardens lovelier or its future more legally and financially secure.

Andrew Clark

Freedom of the City/Shaw

Claire Armitstead

Brian Friel's *Freedom of the City*, the third play of the current National Youth Theatre season, goes unerringly for the jugular. His analysis of the Ulster impasse, through the lot of three hapless demonstrators holed up in Londonderry guildhall, is unequivocally black, predating the current fashion for seeing the troubles in terms of sectarian division. Getting killed, in this case, is the result merely of being in the wrong place at the wrong time — a possibility which naturally extends to any common citizen in any city in Ulster.

It is strong stuff, which gives the NYT's Irish contingent a rare chance to take centre stage. And on the whole they make a good job of it under Graham Chinn's direction, on a set by Julia Godfrey of civic solemnity topped by castellated walls from which the Church drones its obsequies, the Army issues its statement, and the Law urges "an objective view" of the killings.

The spotlight is trained on the three protesters, who stumble into the mayor's parlour by mistake as they flee a tear gas attack on a civil rights demonstration. Lily is the downtrodden mother of 11, Skinner a prankster with more mouth than malice and Michael the relatively sketchy personification of wronged decency, naive enough to believe in such outmoded ideas as the right to justice.

Of the three it is Conor Grimes who has the easiest job as the clowning Skinner, and he discharges it with a strong sense of the fatalistic mischievousness that lies at the heart of the character. Jackie Phillips labours under a dual disadvantage of being some 20 years too young and from the wrong part of Ireland, but does well with the resilience and humour of a woman destined to drudgery and death, and Eamonn Devlin rounds the party off with a scowl of outraged propriety as the civil cocktail cabinet is ransacked and Winston Churchill is stabbed through the heart.

Their lot is analysed by an elegantly fervent sociologist (Tanya Crook), piously regretted by the priest (Paddy McClure) and argued out of court by Jon Naismith's oh-so-credible judge. The play ends, as it began, with three corpses on the ground. The sum effect is so bitter that it comes as a surprise to realise one has laughed along the way.

Swannell premiere at the Lyric Studio

Nicola Pagett, Nigel Terry and Claire Hackett star in the world premiere of Graham Swannell's comedy *The Light of Day*, which opens tomorrow at the Lyric Studio, Hammersmith, and runs until October 3.

The play is directed by Peter James, designed by Poppy Mitchell, with lighting by Kevin Sleep.

The Life of Napoleon/Riverside

Martin Hoyle

It is apt that John Sessions's *Life of Napoleon* should unfold in Hammersmith's Riverside Studios, formerly used for making television programmes, since his comic, quizzical, allusive style takes show business as its frame of reference, and those not *au fait* with, say, *East-Enders* or TV sports commentators will miss something. As narrator we get Laurence Olivier (actually sounding more like Noël Coward most of the time). The little Corsican is baptised by Walter Matthau, and the panorama of revolutionary France and early 19th century Europe rolls past in the accents of Alec McCowen, Woody Allen, Ian McKellen (not as good as Martin Jarvis's version) and others heard so fleetingly that the performer has to remind us of who they are ("He's sweet, isn't he? Marvellous as Nicholas Nickleby").

To borrow from Mr Sessions's earnestly Hegelian Prussian soldiers, philosophising as Napoleon outflanks them, the *concept* of John Sessions is eminently worth considering, and possibly more successful than the reality. His actual mimicry is not always spot on (Orson Welles sounds like Ronald Reagan), but the sheer audacity of his ability to drag in Richard Briers, Cousteau, Hancock or Waterloo as an episode from *Thomas the Tank Engine* with Napoleon as the fat controller, carries you along.

Kenneth Branagh directs on Alexandra Byrne's set: a carpet map of Europe, an obelisk, candelabra, an impudent Union Jack to denote watery Britain (to a Sea Interlude from *Peter Grimes*) and a vast tricolour behind which, on a screen, is projected the odd telling image like Mirabeau's imposing portrait with the face of Lionel Blair affixed. There are lovely moments. Edward Fox's almost mobile delivery is just right for the Iron Duke. Mr Sessions is perfect as Richard Ingrams introducing *What the Papers Say* on scandalous Josephine (the Sun headline: "He's up a pyramid and I don't give a Tutankhamnen," says Creole sex kitten), and beautiful as a dubbed foreign actor gesticulating and mouthing while only the occasional well-bred English syllable emerges. There are mad tangents, as when the French fleet approaching Martinique is hailed in broad Caribbean accents, "I been smoking de ganja arl day lang." "R. D. Laing?" queries a puzzled Admiral Villeneuve in the voice of a gobsmacked Donald Sinden.

It is in fact a party turn, based on solid historical knowledge and never forgetting that the man who provoked more slaughter than Hitler took a near-pathological pleasure (unlike almost every great—sane—general in history) in the numbers of those who died for him, and, stamping out the golden age of German liberalism, inadvertently planted the seeds of something much nastier. "If you took away my buildings Paris would look like Bletchley," is a fitting epitaph for the little vulgarian.

Alastair Muir

John Sessions

I would love to see such a party-piece actually at a party; two hours in the theatre are a bit too much of a good thing. But there should be enough well-read fun-lovers ready to spot the allusion, identify the disguised quotation and laugh knowingly at lines like "Where's your son?" addressed to the captain of the Casabianca, to keep the new Renaissance Company's brave second production happily full for its run.

Arts Guide

August 21-27

Opera and Ballet

LONDON

London Palladium: Ballet Theatre Français with Rudolf Nureyev dancing each night in a Diaghilev season.

NEW YORK

New York City Opera: A fortnight of Sigmund Romberg's The Desert Song features Richard White and William Parcher as Pierre Birabeau in the company's first performances of the work, which is conducted by Jim Coleman in Robert Johanson's production. Lincoln Center (870 5570).

JAPAN

Japan Folkloric Art Dance Troupe: Programme consists of traditional dances from the various regions of Japan, in spectacular, colourful and highly skilled presentation. English programme notes. Yubin Chokin Hall, Shiba Park (Thur). (582 9171).

Music

PARIS

Ensemble Gilles Binchois conducted by Dominique Vellard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.

Anna Stella Schic, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles

Ensemble Erwartung conducted by Bernard Desgraupes: Hommage to St. John Perse and Blaise Cendrars with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.

Orchestre Français des Jeunes conducted by Emmanuel Krivine, Gerard Causse, alto: Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.

All the above are part of the Paris Festival Estival (4804 9801).

LONDON

London Sinfonietta conducted by Diego Masson with soloists. Machaut/Birtwistle, Monteverdi, Kagel and Berio. Queen Elizabeth Hall (Mon). (928 3191).

BBC Philharmonic Orchestra conducted by Edward Downes with Robert Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).

Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin. Brahms and Mahler. Barbican Hall (Wed).

BBC Philharmonic Orchestra with chorus and soloists, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

English Chamber Orchestra conducted by Edmon Colomer with Emanuel Ax, piano and Jose-Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky Queen Elizabeth Hall (Thur)

CHICAGO

Ravinia Festival: The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). Highland Park (728 4642).

JAPAN

Japan Philharmonic Orchestra conducted by Ken-Ichiro Kobayashi with Mariko Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9990; 980 6060).

Theatre

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

South Pacific: Robert Goulet stars in the Rogers and Hammerstein musical in the last weekend of Wolf Trap. Vienna, Va. (703 255 1868).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Annie. The Japanese-version of the Tony-award winning musical by Charles Strouse and Martin Chamin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (24 23 11)

Military Tattoo/Edinburgh

Martin Hoyle

Paradoxically, the sheer uniqueness of Edinburgh as a setting tends to get overlooked in the excitement and exotica of the international festival. The military tattoo offers a corrective. Watched stonily by those guardians of national liberty, Wallace and Bruce, on the castle esplanade where the last witches in Great Britain were burned even as the great age of Scots enlightenment was dawning, the spectacle has been the one consistently popular item over four decades of festivity and philistinism, culture and Calvanism, the sybaritic and civic surliness. As a show, to the irresistible skirl of pipes, this reminder that warriers no less than inventors, doctors and explorers made up Scotland's greatest exports needs no sheepish apology from anti-militarists or pacific disclaimers.

For in the event the presiding deity is not Bellona but Busby Berkeley. Loomed over by the black mass of the citadel, we are cheerily informed that there are, among the visitors, "145 policemen in the south stand." Foreign groups are asked to identify themselves (the Italians scream the loudest). Birthday and anniversary greetings are accorded. We sway in unison to a singsong; and what is reputedly the windiest spot in the British Isles is suddenly transformed into the Costa Brava

Of course there is military spectacle. The Norwegian Royal Guard, trim in dark uniform, not only drills impeccably but even bursts into song Their formation marching and brisk about-turns in which they manipulate their instruments like dancing partners almost cross the thin line between martial display and choreography. The City of Wellington Pipe Bands, massed pipes, drums and bandsmen from Highlanders, Canadians and the Irish Guards also provide what one expects, joined on parade by the red-coated Irish wolfhound, Connor, who is perfectly behaved if a trifle depressed.

A demonstration of the fire-fighting emergency services, a jokey recreation of medieval siege tactics and some shadow play on the ramparts depicting a sharpish Mary Stuart nagging Darnley after the birth of the future James VI and I are rather dwarfed, by the climax. A "Western United States Collegiate Band" presents "a festive, flamboyant and colourful display." University bands from Las Vegas, Salt Lake City and Long Beach, California begin with Ravel's *Bolero* A male baton-twirler leaps forward in form-hugging lurex trousers and tosses, twirls, spins and catches for all he's worth. Beaming maidens dance and kick, a cross between Carmen Miranda and the Moulin Rouge Coloured lights flash The excitement culminates with "La Bamba" at which the baton-twirler deploys flaming torches, the Latin ladies prance frenziedly and Connor is nowhere to be seen.

We link hands for "Auld lang syne," having previously joined in the Battle Hymn of the Republic At least the British National Anthem is more or less in the right place The evening has been mercifully balmy, but even in the pouring rain the Latin maidens beam and prance unflinchingly

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Turkey's halting democracy

ON SUNDAY week Turkish voters go to the polls for a referendum on a proposal, submitted to them by parliament, to amend the constitution which they adopted in an earlier referendum in 1982.

The proposal includes a number of reforms, but public debate has focused exclusively on one: the lifting of the ban on public political activity by leaders and officials of the pre-1980 political parties, which was written into the 1982 constitution.

Ten-year bans were imposed on 133 people and they will therefore be formally excluded from politics for another five if the current proposal is rejected. But the electorate has been given the impression that the referendum is essentially about the future of the two former prime ministers of right and left—Mr Suleyman Demirel and Mr Bulent Ecevit.

They took it in turns, during the late 1970s, to preside over Turkey's descent into economic and political chaos. Neither has been accused of directly promoting violence, but both are held to have given higher priority to their vendetta against each other than to the defence of state and society against extremism of right and left. Their reply is that the armed forces were given full powers before 1980 and should be asked to explain why they were unable or unwilling to do under a democratic government what they did with such speed and efficiency once they had taken control of the Government themselves.

Popular following

That reply has not so far convinced the majority of Turks, but then neither Mr Demirel nor Mr Ecevit has so far been allowed to defend himself publicly. In the 1982 referendum no campaign for a "no" vote was allowed. In the elections the following year only three parties were allowed to compete, and any that could be even indirectly identified with the old parties were disqualified.

Since then the atmosphere has relaxed considerably. Parties associated with both leaders have been allowed to fight local and by-elections, and to enter parliament by the back door, through the defection of other parties' members. Mr Ecevit has played his cards clumsily, and it now seems unlikely he could re-establish his old hegemony on the left even in a completely free vote. Mr Demirel by contrast has lost none of his old skills and retains a great deal of his popular following. If the ban on him is lifted he will pose a very serious challenge to the incumbent prime minister, Mr Turgut Ozal.

In bringing the reform before parliament Mr Ozal appeared to show a sense of fair play, and disarmed some of the criticisms directed at Turkish democracy by opponents of Turkey's application to join the European Community.

Vigorous campaigning

But neither he nor his party has been prepared to recommend to the electorate the reform for which they voted in parliament. Under a thin pretence of neutrality they are in fact campaigning vigorously for a "no" vote, and the campaign has turned out depressingly similar to that of 1982. Though the banned leaders have risked prosecution by holding meetings, they still do not have access to radio or television, whereas President Evren is to intervene twice at the end of the campaign. Everything is being done to convince the public that the choice is, once again, between the anarchy of the late 1970s and the order and relative prosperity — albeit unequally distributed—of today.

Democracy in Turkey is still carefully limited and controlled from above. Even such bodies as the Human Rights Association and "Physicians Against Nuclear War" have the greatest difficulty in establishing their right to exist, while journalists who expose the appalling record of torture under the military regime after 1980 still run the risk of prosecution — and few believe that torture has completely stopped. The soldiers and politicians who share power in Turkey today often complain of the lack of confidence in Turkish democracy still shown by many of their European allies. Yet it should not surprise them when they themselves still seem so reluctant to accept Lamartine's dictum that "the people must be free to make its own mistake."

Tighter gun controls

BRITAIN'S gun control legislation is tight by comparison with similar laws in many other western countries but it is not tight enough. Both the law and the methods of enforcing it should be strengthened. This has become clear in the week following the tragic shootings at Hungerford, Berkshire, in which Michael Ryan, using an automatic weapon, killed 16 people and then himself. Not surprisingly, public demand for further controls is gathering force. In consequence Mr Douglas Hurd, the Home Secretary, has ordered a detailed and urgent review of all aspects of the country's firearms legislation. This review will include discussions with what officials refer to as "legitimate shooting interests." Some people might dismiss that phrase as a euphemism for the gun lobby, but the matter is not quite so simple.

Farmers and country folk generally have a legitimate interest in keeping shotguns. They might use them for shooting rabbits and small game, for scaring birds away, or for harmless sport. It is reasonable that this should continue, and that shotguns should be kept at home, provided they are under lock and key. What is not so clear is whether the present system of shotgun licensing is satisfactory: almost anyone can obtain a permit, and there seems no limit to the number of guns that may be held. Since sawn-off shotguns are a favourite weapon of a certain type of criminal, there is much to be said for limiting the number in circulation, by specifying how many guns an individual may hold and by means of a closer scrutiny of those who apply for licences.

Legitimate interest

There is also a legitimate interest in the use of small-bore rifles and perhaps pistols in sporting events, such as target shooting. If people wish to join clubs established for such a purpose there is no strong case, in a free country, for stopping them. Unfortunately the matter does not end there. The question of where the gun should be kept is now very much an open one. Enthusiasts like to keep their weapons at home, locked away perhaps, but on occasion proudly displayed. The trouble is that the guns then become widely available. The proposition that they should be kept in the club's strongroom is a powerful one, even if it is admitted that such armouries then become a natural target for criminals in search of rifles for their own use. A further restriction—that licences to possess sporting rifles or pistols should not be granted until the applicant has been a member of a recognised shooting club for at least six months—has been canvassed over the past few days. It seems to make sense, particularly when viewed as a means of providing evidence of good character to hard-pressed local police forces that have the responsibility of deciding whether the applicant is a suitable person to own such a gun.

Warlike cult

There is no case, however, for permitting the sale to individuals of automatic or semi-automatic weapons, AK-47s and the like. These are not sporting equipment, and in the hands of an unstable individual like Ryan they can be particularly dangerous. They are favoured by those who follow the cult of warlike weaponry—people who read publications that extol the virtues of machines designed for slaughter, or dress up in flak-jackets and sweatbands in order to rehearse their fantasies. This cult should be disarmed by law, and ostracised by legitimate tradespeople. Not everyone will agree. Those who favour a less stringent gun control regime have argued that in countries like Sweden, stricter controls have not resulted in a lower rate of killing by firearms, while in Switzerland the widespread ownership of military rifles and machine guns by private individuals has not led to a concomitant increase in murder by shooting. The trouble with such arguments is that they are not based upon controlled experiments and do not take into account the different cultures of different societies. The British tradition is to maintain, by and large, an unarmed citizenry and an unarmed police force. The fact that this tradition is becoming ragged at the edges is no reason to accept the arguments of the gun lobby; on the contrary, the need is to stop any further deterioration.

The West expected a strong yen to blunt Japan's competitiveness. It has not. **Ian Rodger** reports

Now for the next miracle

JAPAN IS in the process of producing another economic miracle—the successful adaptation of its manufacturing industry to life with a strong yen.

A year ago, it looked as if many of the country's large export-oriented manufacturers were in for a long and painful period of restructuring following the yen's sharp rise against the dollar. Many analysts suspected that Japan was heading for the same sort of industrial stagnation and decline that has occurred in recent years in the US and Western Europe.

Today it appears that those forecasts were heavily overstated. Many of Japan's leading manufacturers are reporting that profits have begun to recover—indicating that their restructuring efforts are already bearing fruit. Some have also begun to step up capital spending in Japan, showing their confidence in the future of Japanese manufacturing.

The drive by many Japanese companies to set up factories and develop component sources abroad is also beginning to pay off, reducing trade tensions as well as companies' production costs.

The result is that in key international industries, such as cars, consumer and industrial electronics and office equipment, the Japanese look set to defuse their huge trade surplus problem while remaining formidable world competitors. Even some of Japan's mature industries, such as steel, may have more life in them than some analysts thought.

"The idea of Japan's deindustrialisation has been somewhat exaggerated," says Mr Takashi Kiuchi, senior economists of the Long Term Credit Bank of Japan. "Even without an improvement in the export market, Japan's industries have a solid foundation in the home market."

A leading electronics industry analyst in Tokyo goes further. "If anything, Japanese manufacturers may well take bigger market shares now that they have international production networks," he says.

The first sign of Japanese industrial recovery has been in profitability. Many export-oriented companies had been forecasting only modest profit recovery this year, mainly as a result of loss elimination after last year's slump, and because of profits from investing surplus funds. Since the spring, however, more and more companies have been revising profit forecasts upwards.

According to a recent study by Yamaichi Research Institute, profits of 300 leading manufacturing companies could rise by more than 20 per cent this year, after falling by nearly a third last year.

Another strong indicator of recovery is capital spending. Fujitsu, the leading computer equipment maker, recently revealed that it was revising upwards its capital spending budget for this year from Y95bn (£410m) to Y110bn, and other manufacturers are expected to follow.

The Government's Economic Planning Agency has just issued a forecast that capital investment by manufacturing industry will rise fractionally this year compared with a 5.6 per cent fall last year. Earlier this year most forecasters had been expecting another decline.

The reasons for this rapid turnround are many and they vary, depending on the industry concerned. But four common factors stand out.

● Most leading Japanese industrialists now admit privately that they were making a killing when the dollar was strong. Thus, a large part of the increase of about 80 per cent in the yen's value against the dollar since the autumn of 1985 did not do them much harm and most seem quite comfortable with current exchange rates.

For example, Komatsu, the large construction equipment group, has not had to do much in the way of rationalisation. The group, which relies on exports for nearly half its sales, has not closed any factories or laid off any employees. Yet Mr Masao Tanaka, the new president, says he has no doubt that at Y140 to the dollar, the company can compete worldwide, fend off import competition at home and make a reasonable profit.

"If the yen goes to Y110 or Y100 to the dollar, then our customers might take out their abacuses and go talk to European and US suppliers, but at Y140, there is no problem," Mr Tanaka says.

● Most Japanese companies, wittingly or not, had seriously underestimated the benefits they were getting from the yen's rise. While complaining about the impact of the stronger currency on their yen earnings, they failed to say anything about the lower cost of imported raw materials.

According to some analysts, the steel industry, in particular, may not be suffering as much as its leaders made out last year.

Japan's iron ore import bill tumbled about 40 per cent in yen terms in the first half of this year compared with the first half of 1986 (volume was down only 9 per cent) and there was a similar saving on imported coal. But the rise of the yen, according to these analysts, provided a social environment in which steel and other mature industries could carry out much needed rationalisation.

Cost reductions resulting from the high yen have been more apparent in other industries based on internationally priced commodities. Yokohama Rubber, a leading tyre company, last week reported nearly trebled profits in the first half, largely due to savings on procurement because of the yen's rise. It said its overall costs were down by Y9.5bn—9 per cent of total sales.

● In the key export-dependent industries, analysts say the Japanese have been greatly helped by their technological leadership and reputation for quality. Foreign customers have continued to buy Japanese products in spite of price increases.

Last week, Bruce Smart, the US Undersecretary of Commerce for International Trade, who was in Tokyo for trade talks, admitted ruefully that the US trade deficit remained large, partly because Americans continued to want to buy Japanese goods despite big increases in their prices.

Japanese car exports to the US declined only 11 per cent (in unit terms) in the first half of this year, despite several dollar price increases. Toyota, for example, has raised its US car prices by an average of 18.7 per cent since the beginning of 1986.

Meanwhile, exports of many products in which Japanese producers have clear technological superiority have continued to grow. For example, communications equipment exports were up 25.4 per cent in value in the first half, electronic devices were up 38.7 per cent and office machines up 30 per cent.

● While export markets have become tougher, the large Japanese market has continued to grow, providing opportunities for alert manufacturers to maintain their momentum through increasing domestic sales. Mr Geoff Wilkinson, an analyst with Salomon Brothers, says Komatsu's stable performance this year will be based mainly on improved sales in the Japanese market, where the Government's large public works programme and fast-growing housing sector provide opportunities for construction equipment makers.

Mr Wilkinson estimates that Komatsu's domestic sales will be up 10 per cent while overseas sales fall 8.9 per cent.

As these estimates for Komatsu suggest, the recovery has so far been restricted mainly to profits. In the longer term, the challenge for the big Japanese companies is to resume sales growth as well; they seem well placed to do so. Their home market is large and its growth rate, after being sluggish for the past year and a half, is rising.

There was a sudden 4.3 per cent month-to-month surge in industrial production in June, and most economists believe that the domestic recovery has begun. Steel output, which was down 4.5 per cent in the first half, is forecast to rise a similar amount in the second half.

Growth in overseas sales in the near term will depend to a great extent on the speed with which companies build up their overseas production networks—in effect becoming multinational. Trade friction between Japan and its main trading partners may well remain strong for some time, and imports of many Japanese products are already restricted in the US, the European Community and other important markets.

In the last fiscal year to March 31 1987, direct investment abroad by Japanese companies (excluding real estate investments) jumped 83 per cent to $22.3bn (£13.7bn), with over 3,000 cases recorded by the Japanese Ministry of Finance. Analysts expect a further large increase this year.

Matsushita, the consumer electronics group, is one of the leaders in this trend, with 14 per cent of its output now produced abroad, and a medium term target of 25 per cent.

Other consumer electronic and vehicle groups are following quickly. By 1990, Japanese car companies will have capacity to make some 2m cars a year in the US, more than the current level of Japanese car exports.

Some Japanese electronic groups have accelerated the opening of US factories this summer since the imposition of 100 per cent tariffs on some of their goods by the US Government for alleged violations of the semiconductor agreement between Washington and Tokyo. NEC, for example, began producing personal computers in the US in June and now says it is largely unaffected by the tariffs.

Since the revaluation of the yen, companies have had an additional incentive for moving production overseas — cutting production costs. Some are going a step further and are starting to import goods and components into Japan from their overseas factories.

Again, Matsushita leads, importing radios and some semiconductors from its factory in Singapore and window air conditioners from a factory in Taiwan. Aiwa, a small consumer electronics group, said last week that it would start importing portable stereo cassette players from its Singapore plant.

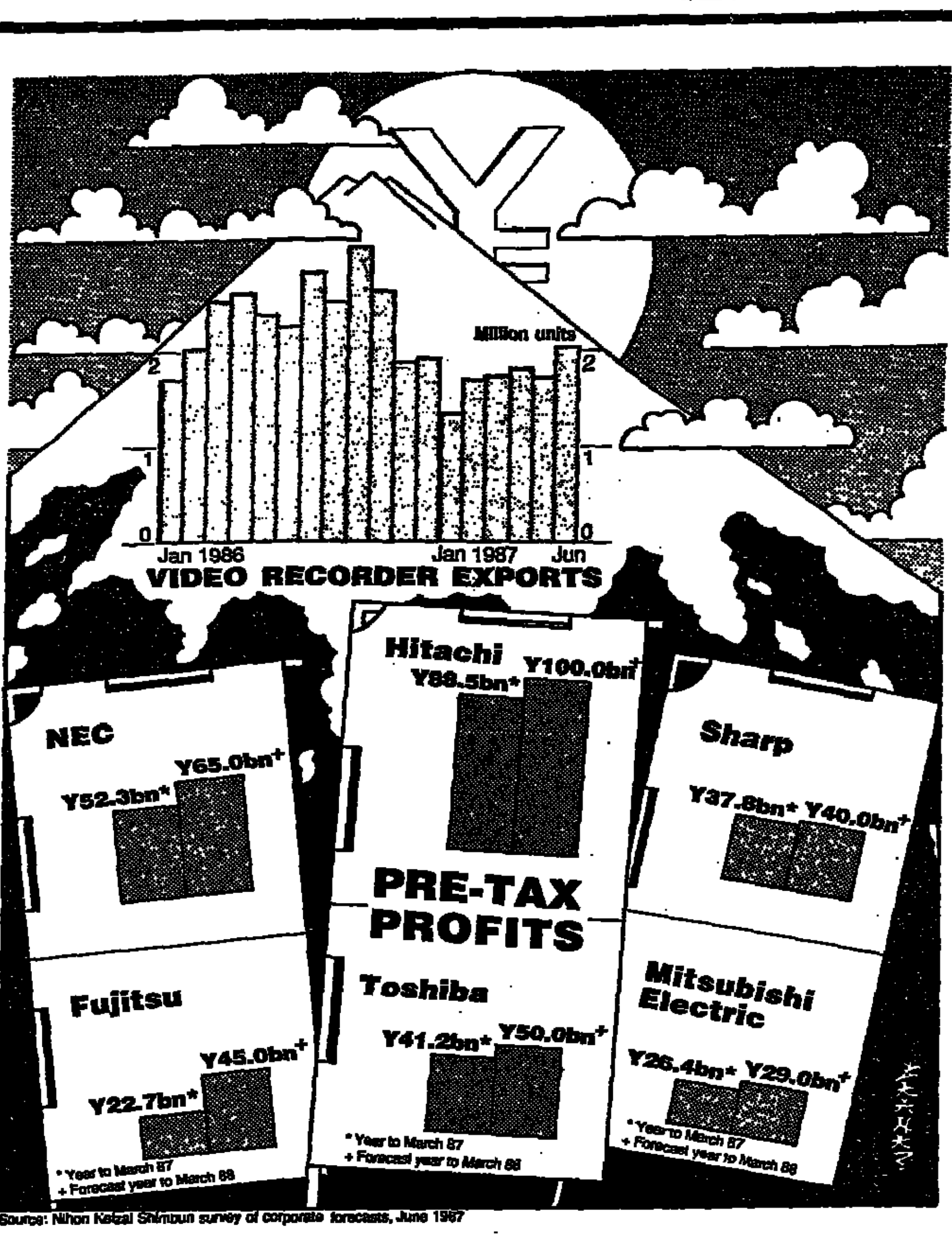
All these trends suggest that the leading Japanese manufacturers are taking the necessary action to sustain their strong positions in world markets and perhaps even improve them. While this prospect may send chills down the spines of many US and European manufacturers, there may be new opportunities for them too.

Another important aspect of Japan's industrial restructuring is the breaking down of the traditionally tight relations between manufacturers and their subcontractors, as manufacturers seek to get higher quality goods at lower cost.

In a recent Ministry of International Trade and Industry survey, 78 per cent of large manufacturers said they were altering their relations with subcontractors. Some 10 per cent said they had told their subcontractors to look for other customers.

If this trend continues, the support net for Japan's inefficient or structurally uncompetitive industries — and there are many of them — will gradually be withdrawn. This will provide improved opportunities in the domestic market for many foreign manufacturers.

If the Japanese market really does open up, other Governments will have difficulty in justifying continued restraint on Japanese imports. Either way, the big Japanese manufacturers are likely to keep on winning for some time to come.



Source: Nihon Keizai Shimbun survey of corporate forecasts, June 1987

More and more companies are revising profits forecasts upwards. Thus effort put into restructuring is already bearing fruit

Men and Matters

Berry's Manpower

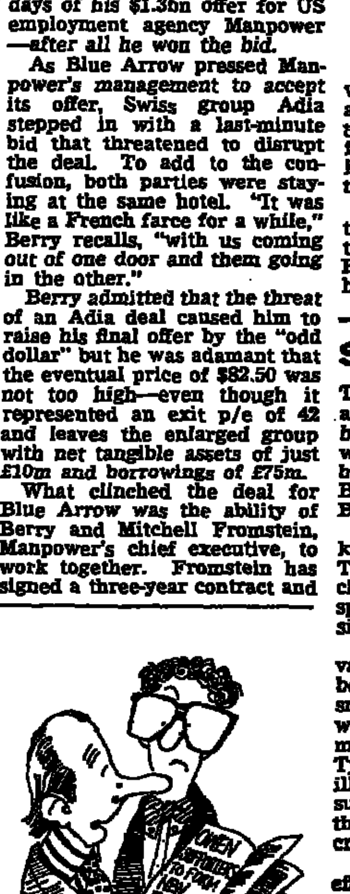
Tony Berry, chairman of Blue Arrow, could afford to joke yesterday about the hectic last few days of his $1.3bn offer for US employment agency Manpower —after all he won the bid.

As Blue Arrow pressed Manpower's management to accept its offer, Swiss group Adia stepped in with a last-minute bid that threatened to disrupt the deal. To add to the confusion, both parties were staying at the same hotel. "It was like a French farce for a while," Berry recalls, "with us coming out of one door and them going in the other."

Berry admitted that the threat of an Adia deal caused him to raise his final offer by the "odd dollar" but he was adamant that the eventual price of $82.50 was not too high—even though it represented an exit p/e of 42 and leaves the enlarged group with net tangible assets of just £10m and borrowings of £75m.

What clinched the deal for Blue Arrow was the ability of Berry and Mitchell Fromstein, Manpower's chief executive, to work together. Fromstein has signed a three-year contract and with his salary likely to be around $1m this year—in addition to the $29m he will realise from the sale of his shares—his earnings will be several times those of Berry.

"I'm still looking for someone to lend me the money so I can take up my rights," claimed Berry in a bid for sympathy as he uncorked the champagne.



"I suppose they're hoping to be the fourth force in British politics"

Spadework

That stereotype which suggests an Irishman's talent flourishes best when he is handed a spade was given academic credence by an archaeologist at the British Association's meeting in Belfast.

Dr Jonathan Bell, assistant keeper of the Ulster Folk and Transport Museum, Cultra, charted the central role of the spade in Irish development since the 18th century.

Irish spades came in great variety, those in the south being made mostly by blacksmiths, while those in the north were manufactured by "spade mills." Such a mill in County Tyrone boasted a pattern book illustrating 230 varieties, but surviving examples suggest that the blacksmiths were no less creative.

Irish spadesmen made heroic efforts to compete with the horse plough, and at wages prevailing in the 1840s — only 9 or 10 pence a day — could sometimes beat the horse because their work was better performed.

Farmers took advantage of this by organising digging competitions with prizes, for which the spadesmen competed ferociously. One recorded by Bell caused a death and some dangerous illnesses among the 15 competitors. Often they organised themselves in work-groups, teams of spadesmen known as "spalpeens," celebrated in Irish folklore and music.

Bell acknowledged another Irish talent, however, when reporting how a gathering of some 6,000 in a field just before the 1798 rebellion tried to convince the authorities they had assembled to dig an old lady's potato patch.

Weather-beaten

A week into the campaign for the Danish election on September 8, the public is beginning to wonder to what polemical heights the debate will move next.

The Social Democratic Party reckoned it had scored a solid point when it claimed that "even the weather was worse." under Prime Minister Poul Schlueter's non-Socialist coalition, which has ruled since 1982.

After an awful summer, millions were convinced. But not Foreign Minister Uffe Ellemann-Jensen, who devoted a valuable 15 minutes at a press conference for his Liberal Party proving, with the aid of charts and diagrams, that it had been still colder, foggier, and wetter under the stewardship of the Social Democratic leader, Anker Joergensen from 1979 to 1982.

Bemused journalists wondered what it was all about. "Simple," replied the Foreign Minister, "to prove that even when they talk about the weather, you can't believe what the Social Democrats tell you."

But perhaps the clinching retort came from Schlueter himself. "The weather may not have been so good, but the Danish national soccer team has never played better" he said.

And as it both performed creditably in the World Championships in Mexico last year and reached the semi-final of the European championships the year before, losing in a penalty shoot out against Spain, not even the Socialists can challenge this claim to a superior performance under the bourgeois government.

Wet job

Being in the protest business these days isn't just the glory of newspaper and television action pictures, and cosy interviews on commercial radio.

There is cut-throat competition between the two environmentalist groups, Greenpeace and Friends of the Earth, for those column inches and broadcast minutes which bring in the contributions.

Greenpeace has been making the running during the dog days of August by harassing a waste disposal ship in the North Sea.

Friends of the Earth felt obliged to make a rival pitch yesterday. It organised a demo outside the ICI headquarters on the Thames embankment against aerosol spray cans — alleging that the gases emitted are knocking a hole in the earth's ozone layer.

The Friends appeared as man-sized cans to make the point.

But, being August in London, monsoon rains lashed the scene. The Friends took stock of the morning concluded that their valuable aerosol suits would soon degenerate into soggy cardboard — and swiftly called off the confrontation until a day, perhaps distant, when the English sun reappears.

More equal

The BBC writes to tell me it has appointed three equal opportunities officers for television, network radio, and external services. All are women.

Observer

The monsoon and the economy

India's reluctant finance minister

By John Elliott

RECENT CHANGES in the movements of the planets Jupiter and Saturn, plus the sun moving in advance of Mars next Tuesday, could yet alleviate the misery now sweeping across India as a severe drought follows the country's worst monsoon for over 100 years.

Appropriately, this astrological forecast has been made by an official responsible for water supply, Mr Vinod Pande — a distinguished civil servant from the finance and commerce ministries, and secretary for rural development.

Mr Pande's colleagues were dismayed when he told them last month that it would not rain significantly in the dry areas until last Thursday (August 18), when Jupiter became retrograde, having been directional, and Saturn did the reverse.

But they were glad, and India's traditional faith in astrology was boosted when, on cue, it poured that afternoon in Delhi and in other drought areas further south. It also rained on and off again in the next few days, easing tensions in a country which fears the widespread social hardship and economic problems which result from any shortage of drinking water and cattle fodder.

Green grass sprouted briefly in the parched deserts of Rajasthan and the nearby arid areas of Gujarat. Women wearing bright saris, carrying brass water pots on their heads queued at ponds and wells, and urban reservoirs filled a little. Prosperous families in Delhi and other cities had less need of black market water tankers, and milk and bread supplies improved.

But the anxieties persist and now Mr Pande is waiting for next week. "If Mars is in advance of the sun, the rain will be small like dew in the morning," he says, quoting an old saying. "Mars is in advance till August 31, then the sun moves ahead. I think there will be more rain," he adds, smiling and looking out of his office at a prematurely darkening sky.

If the rains do come then they will be about two months late and there will only be four weeks of the usual monsoon period left. The country's main karif crop, severely hit by the drought in two thirds of the country, will not recover. But there could be a sufficient build up of retained surface and irrigation water for a good output of the slightly smaller winter rabi crop, and the crippling shortages of drinking water could be averted.

It is one of the ironies of this vast and complex country that while two thirds of India face severe hardship from the drought, floods in the north and east have caused nearly 300 deaths during recent weeks. Crops have been ruined, and villages submerged as the great Ganges, Brahmaputra and Meghna rivers have broken their banks, most seriously in the states of Bihar and Assam.

But it is the drought which has the more significant political and economic impact. It is giving Mr Rajiv Gandhi, the country's Prime Minister, a new problem to add to the charges of government corruption, the string of regional election defeats, general criticism of his personal style, and rebellion within his governing Congress I Party.

The drought, and the need for a massive relief effort, gives him a chance to express his care for the rural poor and to demonstrate whether he has the will and ability to mount large scale anti-poverty programmes. If he fails, his image, public following and perhaps also his once indestructible self-confidence will slip further.

That may be only scare talk, but the thought illustrates the sharp differences of life-styles in modern India. The prosperous elite of Delhi are complaining about occasional shortages of water, milk and bread, yet only an hour or so's drive outside the city, animals lie dead in the Rajasthan desert, families are driving cattle out of their villages to look for water, and there have been fights over grazing and water rights.

There is no prospect of a famine because farming techniques, irrigation, and buffer stocks have all been transformed since 1965, when the last drought of comparable proportions occurred. Then, as now, 25 or 26 of the country's 35 meteorological divisions had scarce or deficient rainfall.

"Then we were living ship to mouth," says one official, remembering how famine was only averted by the controversial decision to import 13m tonnes of US wheat, followed by 11m tonnes in the smaller drought of 1966. Now India has buffer stocks of 23m tonnes of wheat and rice. This will be more than enough to make up for the expected shortfall in food grains production, which is provisionally estimated at about 10m to 20m tonnes below the previously expected 150m tonnes.

The crops worst hit so far are groundnuts, about 25 per cent of which has been lost—with almost total failure in Gujerat—coarse food grains and fodder, and, to a lesser extent, rice. Making up deficiencies, especially of vegetable oil, which is used by almost everyone for cooking, will cause balance of payments problems.

Bad rains in India have a compound effect, so the south west monsoon, which should have started sweeping across the country two months ago and has still not arrived, is always watched anxiously. This is especially important when, as now, there have been poor monsoons in the past three years.

When the rains fail, the immediate problems of food and water supplies are followed by a reduction in rural buying power, savings, tax collection, and even agricultural bank loan repayments (which are often suspended by local politicians looking for quick popularity). There are electric power cuts—which are already hitting industrial centres this year—so industrial production is hit by blackouts as well as falling consumer demand. Coal production and railway operations can also be affected.

Delhi's National Council of Applied Economic Research estimates that an 11m to 12m tonne food grain shortfall would reduce growth of gross national product from 4.5-5 per cent to zero this year, or even to minus 1 per cent, depending on the spin-off impact on consumer demand and industry.

Ashley Ashwood

August 25, Chamroda, Hassanpur: a victim of the drought

But the actual outcome depends upon imponderables. These include the amount of really heavy rain, as opposed to light showers, needed to fill reservoirs now 25 per cent depleted, and for the irrigation schemes, so boosting hydrogeneration power and therefore industrial activity as well as the electrically powered irrigation for the winter rabi crop.

Further economic problems will come from price rises which could boost inflation from around 6 per cent to a politically embarrassing figure of well over 10 per cent. Prices of products which are the staple diet of the poor—rice, lentils, other pulses and vegetable oils—have doubled in markets, partly because of profiteering, which the government is trying to curb by releasing its own stocks.

Government spending is also likely to have to rise by some Rs 20bn (£0.9bn), a 3.3 per cent increase. This will make it extremely difficult for Mr Narayan Datt Tiwari, the new Finance Minister, to honour Mr Gandhi's rash and categorical pledge earlier this year that a controversially high planned budget deficit of Rs 56.88bn would not be exceeded. Yesterday Mr Tiwari would only say: "I will try my best."

Already Rs 1bn has been allocated to rural employment programmes to ease an unemployment total put by Mr Gandhi at 15m. A further Rs 554m has been allocated to boost water supplies in eight states: 18,500 hand pumps, 328 power pumps and tube wells in urban areas and similar help for 1,200 villages, with extra fleets of water tankers.

It is often said in India that the monsoon is the country's real finance minister because of its superior power over the economy. It is therefore with some desperation that officials remind themselves that the rains have never, according to the records, totally failed India in the past 1,000 years. So both history and Mr Pande's astrology are on their side.

Mexico's economy

The unlikely dilemma of how to spend it

By Jorge Castaneda

AS THE Mexican presidential succession approaches, the Government of President Miguel de la Madrid faces a crucial and ironic decision. A nation which only a year ago was in deep recession—gross domestic product fell by nearly 4 per cent last year, largely because of the drop in oil prices and the resulting hard currency shortfall—is today awash with dollars. The central bank's foreign reserves have reached a record high of $16bn. The problem last year was how to obtain reserves; the dilemma today is how to spend them.

A number of circumstances contributed to the turnround. Oil prices stabilised, then rose. And following an earlier delay, disbursement of a $12bn credit-package, agreed with the International Monetary Fund, meant large numbers of dollars flowing in at once. Dizzying growth in non-oil exports—with the domestic economy in recession and the peso dramatically undervalued, such exports are rising at an annual rate of 30 per cent—also boosted reserves.

Together with substantial inflows of Mexican assets previously held abroad—provoked by the same under-valuation of the currency and a credit squeeze — the inflow of dollars to the central bank has become a torrent. The outflow has stayed small, mainly as a result of the continuing slump in domestic demand and the ensuing fall in imports. The situation is one many indebted, cash hungry nations might envy.

In reality, things are not so simple. Inflation, characterised by the Government as its principal concern, has remained high and is getting worse. Despite the absence of any significant economic growth, prices continue to rise sharply. The figure for July, 8.1 per cent, was well above the 7 point average of previous months.

The problem then becomes what to do with the reserves. Spending them to ignite growth and create jobs would make inflation worse: price rises could easily hit an annual rate of 200 per cent within months, with serious implications for wages, foreign exchange and interest rates. Yet idly to sit on $16bn, particularly when interest is being paid on a substantial part of that sum, seems unforgivable.

The ideal solution, on paper at least, would be to use the reserves to buy Mexican sovereign paper on the secondary market, thus cancelling part of Mexico's $110bn foreign debt. Given that most Mexican securities today sell at about 55 to 60 per cent of face value, Mexico could wipe $13bn to $18bn off its foreign slate by allocating between $8bn and $10bn to this purpose. This would save the country $800m to $1bn per year in interest payments and give Mr de la Madrid's administration a much needed achievement to flaunt. Moreover, it would ensure that the reserves would not be squandered on poorly conceived projects or to finance capital flight—in theory, an ideal solution (although legal obstacles may arise involving the equal treatment of all Mexico's creditors).

A nation which only a year ago was in deep recession, is today awash with dollars

Unfortunately, despite its technical merits and pressure in its favour coming from Mexico's friends and creditors abroad, the scheme is virtually unsaleable to the Mexican people. Earlier this month, when the Minister of Finance floated the idea, the nation's two most important daily newspapers, Excelsior and La Jornada, both roundly condemned it.

And although the President's final decision will not be announced until September 1, the Government now seems to be backtracking.

A nation which has gone through five years of practically no economic growth, a drop of nearly 40 per cent in the purchasing power of most salaries, and a virtual suspension of job creation, will not readily accept that the best way to spend hard-earned foreign funds is to give them back to the banks. The Government cannot publicly acknowledge that last year the economy could not grow because of the lack of money and that this year it cannot grow because of too much money. Nor can a country already suffering from rocketing prices be told that growth must be postponed since it would rekindle inflation.

Mexico's current predicament is more a symptom of the continued prostration of its economy than a sign of its recovery. The debt crisis has not been solved; it has just been postponed, together with economic growth. If anything, foreign reserves are up precisely because growth has been forsaken. Under these circumstances, the wisest course may be the one which President de la Madrid will, it is to be hoped, settle on. It would involve using the reserves partially to prime the economy, achieving some growth and modest job creation at the cost of a moderate increase in inflation, but saving the bulk for de la Madrid's successor.

When the new President takes over late next year, he must tackle the fundamental problem which has confounded the present administration as well as its predecessors: how to obtain the foreign resources needed to make the Mexican economy grow at levels compatible with demographic growth and social welfare.

Since the early 1970s successive governments have attempted to solve the dilemma by either exporting oil, sinking the country in debt or simply forgoing growth. And although there has been some progress in transforming the structure of the Mexican economy, there is little reason to believe that the terms of this riddle have been altered.

Whatever policies he chooses, Mexico's next President will need all the foreign reserves and breathing room he can get. Saving the nation's earnings for his successor could be President de la Madrid's ultimate tribute to what may well prove to be his most redeeming virtue: *le sens de l'etat*, as opposed to the portfolio manager's despair in the face of idle assets.

The author is Professor of Political Science at the National Autonomous University of Mexico.

Letters to the Editor

One myth upon another

From Mr W. Manser

Sir,—Mr Gerahty's letter (August 22) though full of bile makes unwittingly a vital point.

To his complaint that economists all say different things the instinctive retort is: of course. Scientists disagree, artists disagree, philosophers disagree, councillors disagree; people in the same branch of study do disagree, otherwise there would be no progress.

But this lets in Mr Gerahty's implied and devastating point. Economists themselves have nurtured a myth that requires infallibility: that they are prophets, foretellers of the future, forecasters.

Necromancy, unless quickly warded off, descends soon on nascent sciences: the early metallurgists could turn base metals into gold; the early astronomers were astrologers. Economists will predict the level of interest rates, exchange rates, the savings ratio, the terms of trade two years hence —and to two decimal places, where the margin of error of the primary data is at least 5 per cent.

The one myth rests upon another: that the economy is a machine of precisely calculable behaviour; whereas it is an organism, full of jarring people, requiring small measurement and large insight.

There is hope: necromancy came late in the childhood of economics. Adam Smith did not predict, nor did John Stuart Mill, Ricardo, Bastable, Marshall Leader, Taussig Stamp; nor Pigou, Keynes, nor Hayek. They took the material world, the stuff of economics, and examined it, described it, explained it, commented on its health, proposed better methods of treatment.

Let us go back to before the reign of econometrics, and do the same.

W. A. P. Manser.
6 Portugal Street, WC2.

Prosperity for the proles

From Mr G. Stern

Sir, — Professor David Simpson (August 20) is greatly over-simplifying in his thesis that Nigel Lawson has demolished Keynesianism (as well as Friedmanism) by achieving some economic growth this year without Keynesian measures. On another page you report that expected growth for 1987 is 3.3 per cent, which is barely above the average achieved in the period 1948-1976 — I have chosen 1976 as the year of surrender to the IMF which inaugurated current pro-unemployment policies. And, until this year, we have had 10 years of virtual stagnation, unknown in all the years of Keynesian "failure" — and next year is forecast to be another year of little growth! Growth this year arises from an engineered pre-election boom copied from the despised Keynesian days.

A survey in the Guardian showed why Keynesians keep quiet: there has been a systematic withdrawal of government grants from any unreconstructed Keynesian economics departments — the famed Cambridge group whose economic forecasts have been borne out by experience have had their grants taken away because they rightly predicted that the emperor's new clothes would prove to be somewhat exiguous. As the example of Sweden shows, there is no need to have unemployment and stagnation, and Keynesianism can work today just as it worked for almost four decades. The problem is not economic or intellectual — it is political.

The British middle and upper classes have always hated prosperity for the proles, and would rather see their country join the third world group, as it is near doing, rather than see full employment and proper welfare for the despised working classes. All that Lawson and Thatcher have done is to put into operation the spiteful policies long advocated in a thousand saloon bars and suburban women's hairdressers; they have no more disproved Keynesianism than a crackpot who jumps off a cliff in the belief that he can fly has disproved Newtonism.

George Stern.
6, Eton Court,
Shepherds Hill, N6.

Mutual admiration societies

From Mr P. White.

Sir, — I would like to endorse Professor Simpson's criticism (August 20) of contemporary economics and would also like to suggest that the faculty in university schools of business have been pursuing equally esoteric research the conditional assumptions of which effectively eliminate any valid applications.

No doubt intellectual curiosity is the motive for some of this work, but a very practical stimulus is the great weight given in university appointments and promotions to publications — especially to papers in refereed (learned) journals.

It would now be instructive if Professor Simpson or some other member of faculty would test the hypothesis that the authors, editorial boards, and readers of refereed (learned) journals act as if they were a mutual admiration society.

Philip H. White,
80 Eaton Square, SW1

Shadowing the EMS

From Mr G. Radaelli.

Sir, — In commenting upon the OECD report on Britain, Janet Bush (August 24) focuses on the reasons for UK real interest rates being higher than abroad. I think that this is largely due to the British monetary authorities considering sterling as a major intermediate target of monetary policy, yet refusing to fully join the EMS.

It is possible to show empirically that, since 1983, the British monetary authorities have been "shadowing" the EMS. Such practice makes (short term) domestic interest rates higher — for any given sterling exchange rate — than if sterling was within the EMS. Participating in the EMS would remove one source of upward bias in interest rates, thanks to "credibility" effects and to foreign exchange market intervention being more effective. The latter is the consequence of EMS arrangements aimed at making intervention less costly (hence more effective) for participating central banks.

Lower expected sterling volatility would further contribute to lowering domestic interest rates. There is growing evidence that international demand for financial assets depends positively on the risk premium and negatively on expected returns' volatility. Therefore, lower expected sterling volatility (thanks to the EMS membership) would allow a given demand for sterling-denominated assets to be absorbed with a relatively lower risk premium, hence lower domestic interest rates.

Giorgio Radaelli,
68, Queens Road, SW19.

A bigger tax bill

From Mr T. Jago

Sir,—Recently, over a short period, the number of self-employed people in this country has risen from 1.6m to 2.8m.

But do those investing their handshakes in themselves (or indeed those initiating any new business) realise that a severe and unjust tax trap could await them after they have been trading for three years? The inexperienced can be forgiven for assuming that the self-employed would only pay income tax on what money they had received. This is not so. Decreasing profits, especially in the critical early years of trading, can mean vast tax demands based upon income never received. A tax bill even greater than all accumulated profit is possible.

An anomaly in the Income and Companies Tax Act 1970, which imposed the method represents an injustice which should be a matter of public concern (especially in an economic climate which is supposed to encourage individual enterprise). A correction could be included in the next Finance Bill.

It seems that few professional advisers are fully aware of the details of this trap. All those I have spoken to expressed incredulity until they studied the figures.

The trap depends on the fact that the Inland Revenue uses actual profits for some tax years, but in others deems the taxpayer to have made the same profit that he made in the previous year. Those who made more this year than the taxman's fictional figure pay no tax on the increase and laugh their way to the bank. Those who face a dip in profits after two or three years must pay tax a second time on the amount of the increase.

Many advisers blithely believe that all is made fair at the close of trading, or that the Act's Clause 117 is the answer. Not so — at the end of trading the taxman can choose between alternative formulae to ensure that the exchequer gets the most possible tax.

A moral? Greenhorn businessmen should test regulations very carefully indeed, using "what if?" sums before they actually start work. A tax bill as large as it is unfair could be avoided by closing a business sharply if it is likely to tail off.

Tom Jago,
31 Rivermead Court SW6.

Any better bets?

From Mr W. Hombersley

Sir,—Horses may be more fun to watch than Premium Bonds (Lex August 22), but regrettably betting on horses is taxed.

The taxpayers who put £10,000 into Premium Bonds are in effect making two investments. The first will give them a virtually guaranteed income of 5 per cent a year totally tax free from the smaller—£50 and £100 — prizes. The second is a highly tax efficient gamble: £200 a year from pretax income against the chance of a major prize, also tax free, and there are no deductions from the prize pool for administration.

Does any reader know of a better bet?

W. St. G. Hombersley.
Tilehurst,
Amport,
Andover, Hants

FINANCIAL TIMES

Wednesday August 26 1987

Gorbachev wants UN disarmament session

By Our United Nations Correspondent

SOVIET LEADER Mikhail Gorbachev suggested in a message to the United Nations yesterday that the Security Council hold a special session attended by the top leaders of the 15 member states to discuss problems of disarmament and economic development.

A conference on this subject opened in the UN on Monday, attended by representatives from 128 countries. The US has boycotted the conference because, it argues, the two issues are not interlinked and is unwilling to commit more aid to the Third World on the basis of future defence savings.

For its part, the Soviet Union is an enthusiastic advocate of such linkage - although its own economic aid programmes for the Third World are paltry - and Mr Gorbachev's idea evidently has a bit of a propaganda element.

"We believe that the United Nations Security Council should also come to grips with the issue," he said in his message, read to delegates by Mr Vladimir Petrovsky, Deputy Foreign Minister. "It would be useful to discuss in principle the problems of disarmament and development at a special meeting of top leaders of member states of the UN Security Council."

The US, the Soviet Union, Britain, France and China are permanent members of the council. Japan, West Germany and Italy are among the 10 elected members.

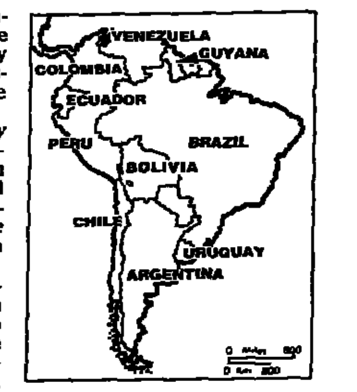
Although the idea of a summit session of the council to consider a broad agenda of issues of war and peace has often been mentioned, no such meeting has ever taken place and it is far from certain that Mr Gorbachev's plan will come to anything. However, it is in keeping with past Soviet practice at UN conferences to make dramatic proposals which appeal to the Third World majority and capture headlines.

Speculation continues about a possible visit by Mr Gorbachev to the UN within the next two or three months, when the General Assembly will be in session.

US officials have poured cold water on the idea. President Reagan is expected to address the Assembly on September 21 and the hope in Washington is that he and Mr Gorbachev will meet later in the year.

Mary Helen Spooner in Santiago examines disputes in S America

Borders tense with conflict



THE TENSION between Colombia and Venezuela which broke out earlier this month is only one example of the border disputes affecting most of the South American continent.

In a region of vast, sparsely populated territories with untapped natural resources, South American countries often find themselves locked in confrontations over seemingly minuscule areas of land or water which threaten to erupt into war.

On August 9 Venezuelan authorities accused Colombian naval vessels of straying into their territorial waters in the Gulf of Venezuela, an area containing rich oil reserves and whose precise demarcations are still undefined.

Colombian officials denied the charge and accused Venezuela of harassing its ships. The exchange prompted both countries to mobilise troops along the northern frontier, and brought bilateral relations to their lowest point in a decade.

On its western border, Venezuela also has a dispute with Guyana, claiming an area nearly two-thirds of its neighbour's territory. Official Venezuelan maps show the area east of Guyana's Essequibo river as a "zone in reclamation".

Ecuador claims part of Peru's north-western Amazon region as its own, and in 1981 the two nations briefly went to war over the issue, with both governments receiving the enthusiastic support of their countries' political parties, from the right to the Communists.

Peru and Bolivia lost extensive territory to Chile during the 1879 war of the Pacific and landlocked Bolivia has never abandoned its hope of recovering a sea outlet. In 1978 Bolivia and Chile were on the verge of an agreement which ceded a narrow stretch of land along the northern frontier to Bolivia, in exchange for an equal area of Bolivia territory to Chile.

But Peru objected to land which it had lost to Chile being transferred to Bolivia, and the negotiations fell apart.

That year Chile and Argentina nearly went to war over rights to three tiny islets in the Beagle Channel, a sea passage located south of Tierra del Fuego, and an island off the southern tip of the continent.

Last year, after apparently endless negotiations sponsored by the Vatican, Chile's and Argentina's foreign ministers signed a peace treaty which granted the islands to Chile but which gave Argentina a share of the territorial waters surrounding the area.

Still unresolved are the two countries' overlapping claims in Antarctica - claims which also happen to collide with those of Britain.

Brazil's vast borders are the subject of a more subdued dispute with its smaller neighbours, which occasionally feel threatened by the former Portuguese colony's economic might. Two years ago, in a comic opera incident, Uruguayan officials accused Brazil of building an entire town on their country's territory. The town, Pueblo Albornoz, is located in north-western Uruguay (or south-eastern Brazil), in an area known as the Artigas corner.

Local Brazilian authorities across the border claimed ignorance of any territorial dispute. While Uruguayan officials demanded an explanation, noting the rapidity with with Pueblo Albornoz was erected, neither side offered any clue as to how an entire town could be built without anyone noticing.

Such disputes are part of the continent's colonial legacy of vaguely defined borders, but also provide the countries' governments with a means of distracting public attention from domestic problems. A former Chilean Foreign Ministry official said that even though the war of the Pacific was fought over a century ago, the nationalist resentments still run deep.

"A Chilean in Peru cannot help but feel the hostility," he said. "We Latins tend to have very long memories - maybe it is due to the Arabic part of our Spanish heritage."

Earlier this year Chile and Bolivia resumed talks which not only failed to resolve their differences but which inadvertently worsened relations between the two countries. With the backing of General Augusto Pinochet, Chile's then Foreign Minister, Mr Jaime del Valle, began a series of informal meetings with his Bolivian counterpart.

According to Bolivian Foreign Minister, Mr Guillermo Bedregal, the two sides had discussed a proposal drawn up by his Government establishing a framework for negotiations which included the issue of a sea outlet along with other bilateral issues such as trade, cultural exchanges and transport.

Mr Bedregal said he gave the Chilean Foreign Minister a copy of the proposal, with the agreement that the document would not be made public immediately. When the Bolivian proposal was made public, Mr del Valle expressed surprise at its content and bluntly rejected the initiative.

The Bolivians, stung by what they considered to be an act of bad faith, hurriedly recalled their representative in Santiago.

Diplomatic sources in Santiago note that the Chilean navy had expressed its opposition to any kind of concessions to Bolivia, a stance which General Pinochet and his Foreign Minister had not included in their calculations. Even before the proposal was publicised, Chilean naval commander Admiral Jose Merino announced there would not be any sea outlet for Bolivia. In addition, a handful of Chilean political groups began voicing their reservations, arguing that an issue of vital national importance was being handled outside the Chilean public's view.

Mr Heraldo Munduz, a Chilean specialist on international affairs and author of a book on the General Pinochet regime's foreign policy, speculated that under these circumstances a Government headed by an elected civilian president would probably have not had any better luck in reaching an accord with Bolivia.

He noted that despite the seemingly insoluble territorial disputes and tradition of military rule, full-scale war has broken out in the region relatively few times since independence.

"If you compare South America's recent history with that of Europe, the continent is a pretty peaceful one," he said.

Corazon Aquino: unanimous decision

Aquino bows to pressure on prices

By Roger Matthews in Manila

PRESIDENT Corazon Aquino of the Philippines and her government last night bowed to the threat of widespread labour unrest and substantially revoked the fuel price increases announced 11 days ago.

Having stressed that the Government's decision to increase prices was unanimous and irreversible, Mrs Aquino appeared live on television to announce that the Government had decided to cut Customs duties on imported crude oil from 20 per cent to 15 per cent. This would allow petrol and other prices to be reduced close to their former levels.

However, soon after the announcement, labour leaders said they would not call off their actions planned for today and demanded that the Government should cancel the price increase in full.

Scattered industrial action, especially in the transport sector, took place on Monday but the main nationwide stoppage is planned for today. It is again aimed at transport but is also seeking to pull in industrial workers. Student organisations are supporting the protest with demonstrations in the capital.

Mrs Aquino sought to justify the reduction in prices by explaining that the world oil price had stabilised and might even fall during the remainder of the year. But she stressed that the Government would not shirk its duty to increase prices again if that became necessary.

The loss of revenue of 1.7bn pesos ($83.2m), which would have gone to fund urgently needed development projects, would have to be raised in some other way, Mrs Aquino said. The speed of the Government's reversal is likely to prove an embarrassment in the future to Mrs Aquino, who is anxious to push a number of controversial issues, including agrarian reform, through Congress. At the weekend her press secretary, Mr Teodoro Benigno, emphasised that the president would resolutely face any protest action against the fuel price rises.

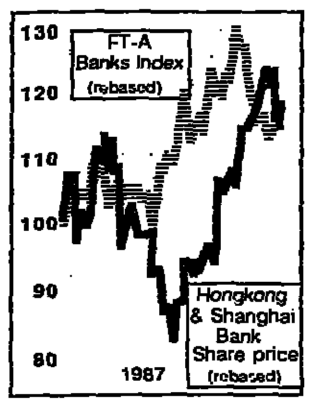
"She is president and being president is possessed of the spiritual strength that nobody else in the Philippines possesses. She will cope", he promised.

The manner in which Mrs Aquino decided to cope provoked immediate indignation in right-wing political circles, with claims that the President was falling increasingly under the influence of left-wing and Communist organisations.

They claimed that she had backed away from her first serious confrontation and that her lack of resolve could only undermine the fragile economic recovery now taking place.

THE LEX COLUMN

Upping the ante



The curious thing about Equiticorp's £338m bid for Guinness Peat is not so much that it is expected to fail - a not uncommon thing, after all, in the devious world of corporate finance. It is more the nature of the policy differences which have prompted the bid in the first place. Both parties agree that the investment banking business of Guinness Mahon badly needs fresh management. Guinness Peat thinks it is worth paying danger money to the young hit squad from Enskilda. Equiticorp, which is after all in the merchant banking game itself, plainly feels it can provide the necessary resources more cheaply in-house.

The tactics now become fairly elaborate. Equiticorp has an injunction out stopping Guinness Peat from signing up the Enskilda team, but if Guinness Peat plays for time the injunction may expire before the EGM which Equiticorp has called. If no contract is signed, the Enskilda party picks up £1m compensation. If the contract is signed and the deal is then voted down by the EGM, the party stands to collect up to £4m more. Considering this all has to do with a part of Guinness Peat which is currently making only £2.5m net, one can see the New Zealand point of view.

The ambiguous nature of the bid is meanwhile driven home by Equiticorp's stated intention to leave 39 per cent of Guinness Peat's equity public, thus leaving an exit route in the unlikely event of the bid succeeding. But though Equiticorp may not be set on ownership, it is plainly determined on pushing control to the point where it can directly safeguard its investment. There is by now a distinct air of High Noon between the New Zealanders and Mr Alistair Morton.

But the rights of shareholders versus management are now at the root of the argument, whether or not Equiticorp takes full control in order to get its way. With Guinness Peat's shares closing just 1½p above the 110p bid price yesterday, the market is evidently not betting on a more conventional bidder stepping in between.

Hongkong Bank

One would not have guessed from yesterday's first half figures that the Hongkong & Shanghai Banking Corporation had recently established a high-powered Finance Review Committee charged with ensuring that shareholders receive the" highest standards of financial reporting".

A 17.9 per cent rise in attributable profits to HK$1.4bn was said to be better than market expectations but that does not mean very much, and the group was its usual taciturn self when it came to explaining its performance. It clearly is not concerned about such accounting niceties as whether the US losses of its Marine Midland subsidiary should be taken above or below the line. They have been accounted for as an extraordinary item and taken directly to hidden reserves, with the result that unlike its US cousins, Hongkong & Shanghai does not need to show any nasty red ink at all.

For an international bank which is larger than any US bank save Citicorp,the paucity of financial information in areas such as bad debt provisioning and capital ratios is a disgrace. But though there is little sign that the group is going to change its ways, it does not appear to be hiding any dark secrets. Balance sheet growth since the turn of the year has been buoyant,implying that the bank is not suffering from any capital constraints, and a 15.8 per cent dividend increase for the year is a confident gesture.

TI

Such has been the rehabilitation of TI that yesterday's two placings, together equivalent to a two-for-nine rights issue, could be cheerfully underwritten taking only a penny off the share price on the day. And that despite an underwriting fraternity stretched to the limit at the moment and which has just been walloped by the stick on Thorn EMI's issue. The success owed much to the obvious logic of the acquisition of Houdaille and the fluency with which the deal was explained to the City.

Paying $500m for Houdaille to get at Crane US is a little cumbersome but presumably the annoyance is reflected in the price. No doubt TI hopes to sell the other bits for more than the projected $190m, but even at that rate a net price for Crane US of $310m, a fully-taxed exit multiple of 15, is hardly excessive. And as Crane US is the minority partner in TI's long established Crane UK business the commercial sense of the deal is apparent. Combining the two will give TI dominance in the world market for mechanical seals where technical expertise is the key to success.

If there are any doubts about Crane US they centre on the recent history of the group as a cash cow. The leveraged buyout of Houdaille required the business to be sweated for the interest bill rather than allow it to go for growth and overseas expansion - an example of the damaging effect such deals are having on US industry. Thus the ratios look unrealistically good, with the return on assets at 42 per cent. Although TI is convinced that the manufacturing plant has not been run down, its first task will be to inject a more dynamic philosophy into the business.

As long as the non-Crane operations can be readily sold, the effect on TI's earnings and balance sheet are to the good - no dilution from the deal, and gearing so low that TI can comfortably spend another £100m in cash, not paper, on further acquisitions. If the next deal matches up to this one the share rating may even improve.

Sterling

When currency dealers are too scared to sell the dollar, because of threatened central bank intervention, they turn to sterling instead. An excuse like weaker oil prices is all that is needed, even though wild fluctuations in that market have often been ignored by the pound in recent months. The misery extended to the gilt market too. But thoughts of another base rate rise are probably premature - a fall on the trade weighted index from 72.7 to 72.2 in a day is not quite a sterling crisis.

Oil prices steady ahead of Opec talks

By Lucy Kellaway in London

OIL PRICES steadied yesterday as the Organisation of Petroleum Exporting Countries (Opec) announced that its pricing and production committees would meet on September 7 in Vienna to discuss the recent infrigement of production quotas by member countries.

The market took this as a sign of Opec's determination to tackle the problem of overproduction, which is estimated to be running at about 3m barrels a day above the official ceiling of 16.6m b/d. Yesterday Brent prices closed 20 cents higher at $17.65 a barrel, while in New York West Texas Intermediate rose nearly 30 cents to $18.88 on the news, although by mid afternoon it had retreated to $18.68.

Some analysts said yesterday that oil production was already starting to fall as a result of the fall in the oil price, with consumers not prepared to pay official Opec prices for oil that could be bought more cheaply in the spot market. The movement follows a fall in prices of nearly $2 over the past week, as the market has become increasingly worried about excess production, and as fears about the tanker war in the Middle East have receded.

Overproduction has started to endanger the support of non-Opec members which have been curtailing their oil output in support of Opec.

TI expands US interests

BY STEVEN BUTLER IN LONDON

TI, the UK engineering group, yesterday announced the purchase of John Crane-Houdaille of the US, the world's largest manufacturer of mechanical seals, for $310m net.

This is the group's first acquisition since its £220m ($356.4m) sale of its domestic appliance division. The disposals and acquisition are part of a radical reshaping of the group, 42 per cent of whose 1986 sales came from the sale of the domestic appliance and cycles businesses.

TI is to acquire the whole of John Crane's parent company, Houdaille Industries, for $112m and will also assume some $388m borrowings of Houdaille, which was heavily geared following a 1981 leveraged buyout and a releveraging of the group last year.

John Crane will be retained after the disposal of six of Houdaille's engineering subsidiaries for about $190m, which TI says is a conservative estimate of their value.

TI will also acquire the 49 per cent stake in Crane Packing of the UK which it does not already own. The acquisition will have the effect of elevating TI from a secondary player in mechanical seals to the world leader, with approximately one-third of the $1bn worldwide market.

The seals are used in the petrochemical, processing, marine, auto and appliance industries.

"We're buying something we know," said Mr Christopher Lewinton, chief executive, yesterday. "We've known the company a very long time and have worked with the company".

TI will finance the $112m purchase price by a placing of 19.63m new ordinary shares at 348p each, and will place a further 7.15m shares to raise cash.

TI's shares yesterday shed 1p to close at 386p in the face of the £93.2m share issue. The shares have been placed subject to a two-for-nine clawback provision for existing shareholders.

The balance of the cost of the acquisition is to be met by cash on hand and by borrowing. TI will emerge with net borrowings of £14m compared to £247m of equity funds. Borrowings would be increased to fund further likely acquisitions.

Crane had 1986 sales of $195.5m, with a trading profit of $30.9m. TI is acquiring the company for approximately 10 times the trading profits, or an estimated 15 times notional fully taxed earnings. TI said, however, that the actual exit price to earnings ratio would be closer to 10 because of tax losses available.

TI plans to grow the business by concentrating on new product development and international expansion, after years in which Crane was managed as a cash generator.

US group in talks on Fairchild

By Louise Kehoe in San Francisco

NATIONAL Semiconductor, one of the largest US semiconductor manufacturers, is interested in acquiring a portion of Fairchild Semiconductor, the original Silicon Valley chip maker. Fairchild's fate has been in question since Fujitsu of Japan backed out of a deal to acquire the company six months ago in the face of political pressure from Washington.

National confirmed late on Monday that it had recently held discussions with Schlumberger, the parent company of Fairchild, with a view to acquiring some of Fairchild's operations and said that it expected a resolution of the discussions "very soon."

Schlumberger is said to be determined to divest the loss-making chip maker by the end of the third quarter. The French-American oil services company has spent an estimated $1.3bn on Fairchild since it acquired the company seven years ago. This year, Schlumberger set aside $70m to support Fairchild, but with these reserves apparently running low the fate of the chipmaker must be urgently decided.

Fairchild lost its champion at Schlumberger when Mr Michel Vaillaud, the oil service group's former chairman, was ousted last year. In an effort to pre-empt divestiture, Mr Donald Brooks, Fairchild president, initiated discussions with Fujitsu of Japan.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	26	79	Malta	S	30	86	Rhodes	S	27	81
Algiers	S	29	84	Edinburgh	S	15	59	Manchester	C	16	61	Rio de J'o	-	-	-
Amsterdam	C	20	68	Faro	S	23	73	Manila	-	-	-	Rome	S	28	82
Athens	S	30	86	Florence	F	27	81	Melbourne	C	14	57	Salzburg	R	16	61
Bahrain	C	39	102	Frankfurt	C	18	64	Mexico City	-	-	-	San Francisco	-	-	-
Bangkok	C	32	90	Funchal	F	23	73	Miami	-	-	-	Seoul	C	28	82
Barcelona	S	25	77	Geneva	C	16	61	Milan	TH	15	59	Singapore	S	31	88
Beirut	S	29	84	Gibraltar	S	29	84	Montreal	-	-	-	Stockholm	C	14	57
Belfast	F	15	59	Glasgow	F	16	61	Moscow	R	12	54	Strasbourg	C	16	61
Belgrade	S	31	88	Guernsey	S	15	59	Munich	C	17	63	Sydney	S	18	64
Berlin	C	25	77	Helsinki	S	13	55	Nairobi	F	25	77	Taipei	-	-	-
Biarritz	C	19	66	H. Kong	F	29	84	Naples	D	27	81	Tangier	S	25	77
Bombay	R	25	77	Innsbruck	F	20	68	Nassau	-	-	-	Tel Aviv	C	29	84
Bordeaux	F	19	66	Inverness	C	13	55	New Delhi	F	35	95	Tenerife	F	26	79
Brussels	F	21	70	Islamabad	-	-	-	New York	-	-	-	Tokyo	C	28	82
Budapest	S	29	84	Istanbul	[illegible]	[illegible]	79	Nice	S	28	82	Toronto	-	-	-
B. Aires	S	20	68	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	C	31	88
Cairo	S	33	91	Jersey	C	16	61	Oporto	S	21	70	Valencia	F	27	81
Cape Town	S	18	64	Jo'burg	D	8	46	Oslo	C	15	59	Venice	S	25	77
Caracas	C	27	81	Lima	-	-	-	Paris	R	13	55	Vienna	S	27	81
Casablanca	S	25	77	Lisbon	S	25	77	Peking	-	-	-	Warsaw	S	28	82
Chicago	R	22	72	London	R	13	55	Prague	F	26	79	Washington	-	-	-
Cologne	C	18	64	Los Angeles	-	-	-	Reykjavik	S	11	52	Zurich	C	16	61
Copenhagen	F	19	66	Luxembourg	C	13	55								
Corfu	S	29	84	Madrid	S	25	77								
Dallas	-	-	-	Majorca	S	28	82								
Dublin	F	17	63	Malaga	S	30	86								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Eurotunnel loans placed

Continued from Page 1

cars and lorries waiting for a ferry to cross the Channel and you are either impressed or you are not".

The autumn share issue, which is crucial to the success of the financing arrangements, is the third and final tranche of equity to be raised by the consortium, which will have share capital of £1bn by the end of this year.

Britain and France's share of the final £750m to be raised will be just under £300m each. Mr Morton said this sum was very modest by comparison with other recent equity issues: "About 4 per cent of the planned BP issue and about 20 per cent of the successful British Airports Authority issue".

He said the project had built up considerable momentum since it struggled to raise £206m a year ago in an international share placing with investment institutions.

The completion of agreements with the banks and also with the state-owned railways which would use the tunnel, together with ratification by the British and French parliaments of the treaty enabling the tunnel to proceed, had boosted confidence.

Arab states warn Iran

Continued from Page 1

low Tehran more time to respond to a recent United Nations Security Council resolution ordering an immediate ceasefire in the Gulf war. "We want to keep the door open to Iran," he said.

The relative blandness of the resolution is bound to be seen as further evidence of Arab disarray. But Saudi Arabia and Kuwait could take comfort from solid backing over Iran's threats and the Mecca riots in which 402 people died.

UK tanker denial, Saudi arms sales, Page 3; oil prices, Page 16

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FINANCIAL TIMES
Wednesday August 26 1987

Gillette rebuffs third Perelman takeover bid

BY RODERICK ORAM IN NEW YORK

GILLETTE, the US toiletries group, has rebuffed Mr Ronald Perelman's third attempt in nine months to acquire it but the New York investor, a veteran of other long and acrimonious takeover battles, has vowed to keep fighting.

Mr Perelman last week offered $45 cash and $2 in securities for each share in the leading US manufacturer of shaving and other personal-care products. The deal would have been worth $5.4bn against the $4.6bn and $4.1bn of his earlier offers.

Under a standstill agreement after the first bid last November which netted him $34m in greenmail, Mr Perelman needs the approval of the Gillette board to launch another offer within the next 10 years. The company, which has reaped some restructuring rewards this year, turned down his request and re-iterated its determination to remain independent.

Mr Perelman appears keen to force through his own takeover or trigger a counterbid because of the potential gains. He would receive windfall profits of about $300m if another party won control of Gillette during the first year of the standstill agreement. He has offered to forego that if Gillette allows him to bid again.

Wall Street believes any interested bidder would bide its time until that provision of the agreement expires in November.

Two Minneapolis raiders, Mr Irwin Jacobs and Mr Carl Pohlad, are rumoured to be interested in making an offer. Mr Jacobs has confirmed he has a substantial stake in Gillette but has declined to disclose his intentions.

Zion Cables stake sold for $12m

BY JUDITH MALTZ IN JERUSALEM

A GROUP of South American investors and a leading Israeli conglomerate are to take control of Zion Cables, a subsidiary of Israel Chemicals, the country's largest government-owned industrial concern.

The move is seen as a significant achievement for the Government's much-talked-about privatisation programme which, until now, had borne little fruit.

A ministerial economic committee supervising the sale of state-owned enterprises this week approved the sale of a 51 per cent stake in Zion Cables, which manufactures telephone and electrical cables, to the Israeli and South American consortium for $12m.

An agreement finalising the deal is expected to be signed later this week. Negotiations took more than a year, according to Mr Ze'ev Refuah, head of the Israeli Government Companies Authority, with five local and foreign candidates submitting tenders for the company, whose typical annual turnover has been $20m.

The purchasers chosen were Clal Industries, Israel's largest private sector holding company, and Ishal, an investment company owned by a group of South American Jewish businessmen

Court backs energy group rescue

BY OUR FINANCIAL STAFF

A REORGANIZATION plan for TransAmerican Natural Gas, the second largest natural gas producer in Texas, has been tentatively approved by a Houston bankruptcy judge, ending more than four years of Chapter 11 proceedings.

The bankruptcy, involving $1.2bn in assets and some 1,200 creditors owed about $860m, was one of the largest by a US energy company when it was filed in January 1983. The proceedings were overshadowed by Texaco's Chapter 11 filing in April. TransAmerican also operates a pipeline transportation network.

US bankruptcy Judge Manuel Leal said the plan met legal requirements and was overwhelmingly supported by TransAmerican's creditors. All but two of the creditors dropped objections to the reorganization plan following intense negotiations last week between the creditors and the company.

Under the plan, TransAmerican's unsecured creditors may choose between accepting an immediate lump-sum payment of about 30 cents on the dollar or payment in full with interest over a period of eight years.

The plan also provides for TransAmerican to drop lawsuits it has pending against its bank creditors, including Banque Paribas, Continental Illinois and Chase Manhattan.

Provisions take Bank of Montreal into loss

By David Owen in Toronto

BANK OF MONTREAL, the second largest of the big Canadian banks, announced a heavy third-quarter loss yesterday after taking into account a C$753m (US$556.8m) charge related to a sharp rise in its Third World loan loss provisions.

The bank recorded a net loss C$615.2m for the quarter ended July 31, and C$449.2m for the first nine months.

Net operating income for the latest quarter was C$137.8m or C$1.41 a share, against C$88.3m (92 cents) a year earlier. For the nine months, net operating income totalled C$383.8m (C$3.86 a share), up from C$271.8m (C$2.87 a share) in 1986.

Bank of Montreal was the first Canadian bank to raise its provisions in line with last week's guidelines from the superintendant of financial institutions.

On August 18, it lifted reserves on loans to a basket of 34 troubled-debtor nations to 35 per cent of exposure. Toronto-Dominion and Canadian Imperial Bank of Commerce have since raised their provisions to 40 per cent.

Non-interest revenue showed strong growth in the quarter, rising 18.4 per cent from the corresponding year earlier figure to C$253m. Net interest income was also up marginally at C$548m, despite Brazil's continuing failure to make timely interest payments.

Average assets for the quarter at C$84.3bn were C$4bn less than a year ago, reflecting the bank's efforts to reduce the proportion of lower yielding assets.

Harris Bankcorp of Chicago, which Bank of Montreal bought in September 1984, reported net income of US$20.8m for its second quarter ended June 30

Deere stages turnround as farm sales improve

BY ANATOLE KALETSKY IN NEW YORK

DEERE, the leading US manufacturer of agricultural and construction equipment, made net profits of $25.5m or 38 cents per share in the third quarter, compared with a loss of $33.8m or 50 cents last year.

The profits turnround, which began in the second quarter when the company reported net income of $35.3m, was due to better sales, on the back of sharp improvements in US farm incomes, as well as higher production volumes following the lengthy strike which hit the company in the fourth quarter last year.

Deere's total worldwide sales for the quarter increased 23 per cent to $1.19bn and total production was up 26 per cent. The improvement was concentrated in the agricultural sector, where worldwide farm equipment sales rose 34 per cent to $914m. Construction sales declined 3 per cent to $281m. North American sales of farming and construction equipment increased 26 per cent to $910m, while overseas sales rose 15 per cent to $348m.

Mr Robert Hanson, chairman, noted that agricultural conditions in the US had improved substantially last year with farm incomes expected to reach an historic high in 1987, farm debt reduced and land values in many parts of the country stabilising or increasing slightly.

He added, however, that it would be "premature to conclude that these factors and the need to replace aging agricultural equipment will translate into a sustained improvement in retail demand."

In fact, Deere's third-quarter profits were achieved entirely through its retail finance and insurance operations, which had operating income of $26.5m, compared with $16.1m last year. The manufacturing and marketing operations incurred a net loss of $1m, compared with a loss of $49.9m the year before.

The latest quarter's results were also boosted by $15m in net benefits from tax-loss carry-forwards. Mr Hanson said that Deere's world production in the fourth quarter was scheduled to fall below the third-quarter level and the company's capacity utilisation levels would continue to be "very low in comparison with our total capacity." Operations for the rest of the year would remain "under pressure," he concluded.

Automatic Data announces record earnings

By Our Financial Staff

AUTOMATIC DATA Processing, the largest independent computing services company in the US, has again notched up record results.

Net earnings for the year ended June 30 increased by more than 22 per cent, from $106m to $132m, on revenues up 15 per cent from $1.2bn to $1.38bn.

Profits growth was particularly marked in the fourth quarter with earnings rising almost 30 per cent, from $30.9m to $40.1m. Revenues for the three months improved only 11 per cent, from $318.6m to $355.3m.

Per-share earnings amounted to $1.68 against $1.40 for the year and 50 cents against 40 cents for the fourth quarter, the figures assuming the exercise of all stock options even if not exercisable, and the conversion of all convertible debt.

Wickes hit by special second-quarter charge

BY OUR FINANCIAL STAFF

WICKES, the US building products retailer, yesterday reported second-quarter profits, after a $11.2m extraordinary charge, of $18.9m or 37 cents per share compared with net earnings of $26.9m or 66 cents last year.

The Santa Monica-based company, said the charge covered costs and liabilities associated with faulty PVC-backed carpeting produced by its Collins and Aikman unit. Included in the charge are legal and other professional fees and costs associated with the correction of the problem.

As a result the company said its auditors, Arthur Andersen, have said they are removing their qualification on the company's financial statements as of and for the year ended January 31, 1987.

Six-month net earnings were $138.9m or $2.85 per share compared with $47.5m or $1 per share.

Revenues rose to $1.45bn from $1.11bn in the second quarter and from $2.11bn to $2.99bn in the first half.

Following its emergence from Chapter 11 bankruptcy protection Wickes has been on the acquisition trail.

It recently bought Grace Home Centres West. In June 1986 it bought Orchard Supply Hardware; Homecrafters Warehouse Inc followed three months later as did Collins and Aikman in December.

Gains on sales of assets for the latest quarter resulted from the sale of several units of the company's Simmons Universal subsidiary and other minor operations.

Gains on sales in the first six months include that made in the first quarter by the company's Wickes International subsidiary's disposal of its 85 per cent interest in its English unit, Wickes Plc.

JCI jumps as gold revenues increase

By Jim Jones in Johannesburg

IMPROVED REVENUES from gold, platinum and diamonds contributed to a 29 per cent increase in pre-tax profits of Johannesburg Consolidated Investment (JCI), the South African mining house. The group's collieries' profits fell by about R10m ($4.8m).

Pre-tax profit rose to R332.8m in the year to June 30 1987, from R258.2m in the preceding year. Earnings rose to R36.41 a share from R27.78 and the year's dividend has been lifted to R15 a share from R12.

During the year, JCI floated the Joel gold mine and Consolidated Metallurgical Industries (CMI), the ferro-chrome maker, on the Johannesburg Stock Exchange.

Some weeks ago Mr Gordon Waddell, the former chairman, told the group's senior staff that two more gold mines were being planned. He did not specify where they were, but one will lie to the south of the present Western Areas mine and the other near Joel in the southern section of the Orange Free State gold field.

Randfontein and Western Areas, the two gold mines managed by the house, have had considerable labour problems since the start of this year as black miners protested at retrenchments arising from mechanisation programmes. Production has been seriously affected by men working to rule, go-slows and alleged sabotage. Operations have also been particularly badly affected by the present miners' strike.

More than half of JCI's equity is owned by Anglo American and De Beers. In turn, JCI is a holding company for parts of De Beers' diamond trading companies.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Austria plans clutch of flotations

BY JUDY DEMPSEY IN VIENNA

THE AUSTRIAN Government plans to launch more than *Sch 3bn ($234m) of flotations* on the Vienna bourse starting next month.

The burst of issue activity—some eight companies are being lined-up — follows recently passed legislation enabling the Government to press ahead with plans to privatise sections of the state-run industries.

One of the first issues will come from the Laenderbank, Austria's third largest bank, *which will list its shares in* Frankfurt and Dusseldorf as well as Vienna. The Government, which owns 60 per cent of the bank, will retain a controlling 51 per cent shareholding.

Also earmarked for an early flotation is Radex-Heraklith, the fire-fighting equipment group which was once part of General Refractories of the US. It was recently sold for Sch 800m to Girozentrale, Austria's second largest bank.

Radex will issue 25 per cent of its capital next month and this will be followed by an issue of shares in Holtex Seiden, a group set up jointly by two *state-owned textile companies.*

OEMV, the state-owned oil group, will launch a share issue in November with a nominal value of Sch 500m. This represents about 25 per cent of its capital.

Meanwhile, it is rumoured that the state-owned Austrian Airlines is considering a bourse listing late next year. At present, *plans are at the drawing board stage*. Its competitor, the charter airline company, Lauda Air, founded by Nikki Lauder, the former Austrian grand prix racing driver, in 1977, plans to tap the bourse for funds later this year.

All in all, it is going to be a busy autumn for the bourse, which is currently standing at some 17 per cent above its June low. During 1986 Austrian share prices rose by around 126 per cent.

Recent legislation has made it easier for foreign investors to operate on the Vienna stock market. Coupled with the privatisation programme, the bourse is likely to take on a new significance in a country where small investors have traditionally shied away from holding shares.

The companies to be floated are among the more profitable within the state sector, parts of which have suffered heavy losses for years. OEMV increased operating profitsin 1986 frmo Sch 1.1bn to Sch 1.4bn.

Costs slow growth at Norsk Data

By Karen Fossli in Oslo

NORSK DATA, the Norwegian mini-computer group, increased its first half-year profits before year-end allocations and tax by 6 per cent to NKr 179m ($27m) from NKr 165m in the same *period of 1986.*

Revenues rose 16 per cent to NKr 1.3bn from NKr 1.1bn. At the operating level, profits were 14 per cent lower at NKr 120m.

The half-year performance represents a dramatic slowdown from rates of profit advancement produced by Norsk Data in recent years. Operating costs for the six months rose by 19 per cent.

Operating margins narrowed from 12.8 per cent in the first half-year of 1986 to 9.4 per cent while pre-tax margins shrank from 15.2 per cent to 13.8 per cent

Total orders rose 20 per cent to NKr 1.4bn in the half year. Denmark and Sweden recorded more than a 50 per cent in*crease in orders*. In the UK and Germany an increase of more than 50 per cent for operating revenue was experienced.

Norsk Data acquired control of Wordplex Information Systems of the UK earlier this month. It says that the acquisition gives the group increased competitive strength, *"especially in the growing market for* information handling and office support."

Earlier this week Norsk Data announced plans to file a registration statement with the US Securities and Exchange Commission for a public share offering in the US and other countries including Norway.

Aga 22% ahead at six months

BY SARA WEBB IN STOCKHOLM

AGA, THE Swedish industrial gas company, reported a 22 per cent increase in profits after financial items to SKr 540m ($85m) during the first six *months, against* SKr 443m a year ago. The results were helped by the stronger performance of Aga's gas, energy and commercial freezing operations.

The group expects its full-year profits (after financial items) to show an increase of between 15 and 20 per cent on last year's figure of SKr 847m.

However, profit before provisions and tax showed a 19 per cent fall in the first six months, from SKr 663m to SKr 537m, as the 1986 half-year figures had been boosted by a SKr 220m write-off of goodwill and other *non-recurring items.*

Group sales totalled SKr 5.06bn, up 10.5 per cent on the previous year. Sales include SKr 124m from the carbon dioxide operations of the Rommenhoeller group in Holland which Aga acquired last year.

Aga said that the revenue from its other newly-acquired companies was offset by the revenue losses incurred because of the ending its agreement with L'Air Liquide and the transfer of its gas welding production to a company jointly *owned with Esab, the Swedish* welding company.

The results do not include figures from the French gas company, Duffour et Igon, which Aga won control of after fighting a fierce bid battle this summer.

Tool steel operations were badly hit by exchange rate fluctuations and interrupted production, causing operating income to fall 37 per cent to SKr 52m on slightly higher sales of SKr 1.087bn.

Gas operations showed a 25 per cent increase in operating income to SKr 376m while sales rose by 14.4 per cent to SKr 2.68bn. Income after financial items rose 22 per cent to SKr 371m and was bosted by income from the sale of shares.

Frigoscandia, Aga's commercial freezing division, showed a 17 *per cent increase in operating* profit to SKr 48m, with sales up 18 per cent to SKr 741m.

The energy operations doubled profits after financial items to SKr 85m, though operating profit slipped 2.4 per cent to SKr 61m. Sales in this *division rose 3 per cent to* SKr 573m.

Dutch publishers show advance

BY LAURA RAUN IN AMSTERDAM

ELSEVIER, one of the Dutch publishers recently embroiled in a hostile takeover battle, reported that *its first-half earnings* soared by 35 per cent to Fl 81.1m ($40m) from Fl 60.2m a year earlier.

Buoyant business in the company's scientific and educational publications plus lower costs were credited with the profit surge. Elsevier is the world's biggest publisher of scientific journals, which are forecast to fuel overall profit growth of 20 per cent per share for the whole of 1987, the company said.

Verenigde Nederlandse Uitgeversbedrijven (VNU), the biggest publishing company in *the Netherlands, lifted its* net income by 13 per cent to Fl 46.9m in the first six months from Fl 41.5m. All sectors contributed to the improvement and VNU said it expected profits to climb by about the same amount for all of 1987.

VNU's sales spurted 16 per cent to Fl 859.4m in the first six months from Fl 741.6m.

Elsevier's lucrative scientific journals have caught the eye of Mr *Robert Maxwell*, the UK publisher. The two are currently discussing what Elsevier has described as a possible Anglo-Dutch co-operation along the lines of Unilever.

Elsevier is now the third largest publisher following the merger of Kluwer with Wolters Samsom—which is number two

Turnover fell by 8 per cent to Fl 763.1m *in the* January-June period from Fl 802.6m because of the weaker dollar

Operating profits climbed 6 per cent to Fl 138.1m from Fl 116.2m but significantly higher interest income and lower *taxes lifted net income* by much more.

Japanese brokers take a bruising in bonds

By Yoko Shibata in Tokyo

JAPANESE BANKS and brokerage *houses have been* badly bruised by the recent sharp plunge in yen bond prices, but the Japanese authorities believe that most can offset their losses by realising profits made on securities trading earlier this year.

However, profit forecasts from the securities industry for the current year are being revised downwards and the *Ministry of Finance says it* remains concerned about the health of some of the smaller brokerage houses.

The bond market slump had its roots in a speculative surge in mid-May. Amid rumours that another official discount rate was imminent, *speculators pushed the price* of the benchmark 89th series government bond to a peak of Y118, where its yield was only fractionally above the current 2.5 per cent discount rate. Then, as reports of high money supply growth and higher oil prices made *clear that there would be no* further discount rate cut, bond prices began falling sharply. The yield on the 89th series bond has nearly doubled to 5 per cent.

Hardest hit in the crash have been Japan's regional and Sogo (mutual) banks and *smaller financial institutions* which only recently received licences to trade in bonds. Some financial institutions have incurred paper losses of Y30bn-50bn, banking industry officials say. In the cases of some regional banks, the losses may exceed their *annual profits. Meanwhile,* the big city (commercial) banks seem to have succeeded in containing their losses by trading in bond futures.

Japan is to extend its auction system of selling government bonds to an issue of 10-year maturities. According to the Ministry of Finance, an initial offering of 10-year bonds by this method may go *ahead in October.*

At present only medium-term bonds are being offered by auction. An auction of 20-year bonds was recently postponed until late September

The Bank of Japan and the Ministry of Finance have expressed concern over the volume of the 89th series bond now held by financial institutions. The central bank recently conducted *hearings on losses resulting* from the bond market crash, seeking to find out how smaller financial institutions were being affected.

The central bank concluded that the banks will be realising profits on their securities holdings in the first *half of the current fiscal* year. According to the BOJ, there was no bank whose stability would be shaken by such losses.

Some city and regional banks adopt the lower of cost or market accounting method and so will have to evaluate the profits and losses on their securities holdings in their interim reports. However, this applies only to *listed bonds. Accounting* treatment for unlisted general bonds is that they can be carried on balance sheets. In an effort to avoid writing off huge losses on listed government bond holdings in the interim accounting term, some financial institutions are selling government bonds and buying ordinary unlisted bonds.

Meanwhile, three of the *four biggest Japanese brokerage* houses suffered a combined loss of some Y12bn ($78.74m) on bond dealing in July, according to securities industry officials. They *estimated the bond dealing* losses at Y9.7bn for Nikko Securities, Y5.2bn for *Yamaichi Securities* and a little over Y1bn for Daiwa Securities. Nomura Securities managed to report a profit of Y3.5bn.

Brokerage houses also continued to lose money in dealings in convertible and other bonds. Analysts say they will have to dip into the *big* profits in bond trading they were making until the June slump. Japanese major brokerage houses are revising downwards their profit forecasts for the year to September 1987, and it seems unlikely that they will achieve their goal of setting new profit records this year.

The Ministry of Finance has conducted hearings on *the profit outlook for the* bond divisions of comprehensive securities houses (excluding the big four) and *smaller brokerage houses for* the months of August and September. MoF officials say they are gravely concerned about the negative impact from the recent sharp drops in bond prices on smaller securities houses.

National Home Loans in £111m mortgages issue

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

NATIONAL HOME LOANS, the UK mortgage lender which launched Britain's securitised mortgage market in January, yesterday made its second bond issue, bringing to over £600m *the amount of such securities* so far offered to investors.

It broke new ground with a structure which avoids arranging separate insurance against the servicing of the bonds being affected by defaults on mortgages. Previous issuers have obtained insurance with the aim of *obtaining triple A ratings* from Standard & Poor's, but NHL expects the latest issue to be rated Triple-A.

Morgan Guaranty *is* lead-managing the issue which is divided into a public offering of £100m of floating-rate notes and £11m of higher-yielding notes which it has placed privately. The deal repackages about 2,250 mortgages equalling the issue total of £111m.

The larger issue would always be serviced first. Holders of the smaller issue would therefore bear the brunt of a big deterioration in the performance of UK mortgages—who have an extremely low dfault record. The smaller issue thus effectivly acts as an insur*ance policy for the larger.*

The issues, made through a special purpose vehicle, NHL Second Funding, technically have a 27-year life but the company signalled that it expects the mortgages all to be paid off within only seven years—a shorter period than on some previous issues.

Interest on the public issue begins at 27.5 basis points above London interbank offered rates, *but steps up to 50 basis points* after seven years. They may be called if prepayments reduce the amount outstanding to £10m, or after seven years. Interest on the privately-placed securities was understood to be 50 bais points above Libor. Both issues were priced at par.

The issue was structured to reduce NHL's costs. Insurance policies are understood to require an up-front premium of some 50 basis points as well as escrow accounts to absorb initial defaults. Under the new structure, NHL pays the higher amount only on the £11m issue.

The coupon on NHL's first £50m issue was only 20 basis points above Libor, but the higher yield on the new deal was said not to reflect higher risk, but conditions in the sterling floating-rate note issue.

Market specialists said securitised mortgages have taken off very slowly in the UK, and have yet to establish an investor base. Consequently, the public deal was expected to move slowly.

Morgan Guaranty was *itself* taking £75m of the deal, leaving *the remainder to be shared* between two co-leads, Salomon and Warburg, and five co-managers who each took only £2m. The deal was quoted within its 60 basis point commissions at 99.47/57.

INTERNATIONAL BONDS

The private placement was *likely to be even more difficult*, since note-holders would have the first exposure to a sudden worsening of default experience. NHL contended that it would be happy to hold the notes itself because of the low default record of UK mortgages. Morgan said that it has *placed them with investors* including banks which are themselves direct mortgage lenders.

As the Eurodollar sector *remained extremely quiet*, there were four equity-linked issues.

Credit Suisse First *Boston* brought a $200m convertible for International Paper, the US paper and pulp group. The 15-year issue was assigned a 5¾ per cent coupon and par pricing, with a conversion price of $68¼, *giving a 28.7 per cent* premium. The issue traded above par.

Aoki Corporation, a construction group, made a $100m five-year bonds-with-warrants issue led by Nomura International with an *indicated* coupon of 3¼ per cent and par pricing. Yamaichi International brought Tokyu Hotel Chain with a $70m issue on the same terms, and Daiwa Europe brought Nichimen, a trading company, with a $100m deal also on the same terms.

Nichimen was also one of three issuers of equity-linked bonds in Switzerland. Citicorp Investment Bank led the SFr *100m five-year issue, priced at* par with an indicated coupon of ¾ per cent.

Bank Leu led a SwFr 60m five-year issue for Keiyo, a household products maker, priced at par with a coupon of 1¼ per cent. KYC Machine Industry made a two-tranche *SwFr 60m issue led by Swiss* Bank Corporation. A SwFr 30m convertible 5¼-year issue has an indicated coupon of ⅝ per cent, and *an equity warrant* deal has an indicated 1¼ per cent coupon. Daiwa Kosho Lease's SwFr 90m issue had its coupon cut to 1 per cent from the indicated 1¼.

Swiss bond prices were easier, with some unloading of longer-term low-yielding paper continuing. The Woolwich Building Society's *SwFr 120m issue* ended its first day's trading at 98¼, against a par issue price.

In West Germany, a quiet market showed little reaction to terms of the new DM 4bn Federal bond issue, which was assigned a 10-year maturity, a 6¾ per cent coupon and a price of 100¼ to give a 6.34 per cent yield,

● Citicorp's $1bn share offering was launched internationally yesterday by Merrill Lynch Capital Markets. Of 17m shares, 1½m are being sold in Canada and 3m elsewhere outside the US.

SE calculates Amex index

The Major Market Index of the American Stock Exchange, which tracks the prices of 20 major US shares, is now being calculated in Europe using the quotations system of the London Stock Exchange, writes Stephen Fidler.

The London exchange said yesterday the index is being calculated once a minute from 9.30 am to 1.30 pm, the period when market makers on its SEAQ international quotation system are required to make firm prices in the underlying shares.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 25

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	94½	94⅞	−0¼	+0⅞	5.57
EIB 4⅝ 94	40	95	95⅜	−0¼	+2¼	5.49
Elec. de France 5¼ 94	20	97⅞	99⅛	+0⅛	+2	5.53
Kansai Electric 4⅝ 94	60	94⅛	94⅝	+0⅜	+2½	5.61
Norway 4⅛ 92	60	96⅝	96⅝	+0⅝	5.11	
SNCF 4⅞ 93	20	97⅜	97⅞	+0¼	+1⅝	5.37
Sweden, Kingdom 5⅝ 95	20	100⅜	100⅞	0	+1⅛	5.56

Average price change on day +0¼ on week +1¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/S Electrolux 14½ 90 A$	50	101	101⅝	0	−0½	13.58
American Brand 9½ 94 £	50	94½	95⅛	−0⅛	−0⅜	10.40
Amer. Express OC 10 94	40	93⅞	94¼	−0¼	−2½	11.31
Bergen Bank 15 90 A$	50	101⅞	102⅜	−0⅛	−0⅛	13.75
Canadian Pac. 10⅛ 90 C$	75	102¼	103⅛	+0⅛	−0⅛	9.20
Chrysler Corpn. 10 91 C$	75	98½	99	+0⅛	−0⅛	9.64
Coca-Cola F. C. 17 90 N$	75	†99⅞	100⅛	−0¼	−0⅛	17.05
CoE 8⅞ 95 LFr	600	†104¼	105¼	0	+0⅛	7.97
Creditanstalt 14⅛ 90	60	101	101½	+0⅛	−0⅛	13.50
Denmark 7¾ 92 Ecu	100	†99½	100	0	0	7.80
DG Finance 14⅜ 92 A$	50	105⅜	105¾	0	−0⅛	12.45
Deutsche Bank 9⅜ 97 £	75	93⅝	94⅛	−0⅛	−2⅛	10.39
Deutsche Bank 14¼ 92 A$	100	104½	105¼	−0⅛	+0⅛	12.71
Dresdner Fin. 13⅜ 91 A$	100	102	102½	−0⅛	−0⅛	13.03
EIB 7⅜ 91 Ecu	100	†99¾	100	0	+0⅛	7.46
EIB 8⅜ 93 LFr	1000	†103½	104½	0	0	7.48
Euratom 7⅜ 97 Ecu	145	†95⅜	96¼	0	−0⅛	8.29
Finland 6 91 Fl	100	97⅜	100⅛	0	−0⅛	5.99
GMAC 9 92 £	50	92¼	93	+0⅛	0	11.04
GMAC 9¼ 92 C$	75	99⅛	99⅝	+0⅛	−0¼	9.40
GMAC Aus. Fin. 14 90 A$	50	100⅞	101⅛	0	0	13.58
Halifax BS 10⅛ 97 £	100	95½	96¼	0	−1⅛	11.07
Heleba Fin. 13⅝ 96 A$	75	99¾	100⅛	0	−0⅛	13.35
Imp. Chem. Inds. 10 03 £	200	†90⅝	91¼	−0¼	−3⅛	11.21
Imp. Chem. Inds. 10¼ 92 £	75	—	—	—	—	—
Inv. in Ind. Intl. 10 93 £	60	96	96⅛	+0¼	−2	10.90
Land Securities 9½ 07 £	200	82½	83	−0½	−2¼	11.77
Leeds BS 10½ 91 £	50	†98¼	99¼	−0⅛	+1⅛	10.89
Mort. Bk. Denmark 6 91 Fl	150	98½	99	0	0	6.33
National Australia 14 92	50	100	100⅛	−0⅛	−0⅛	[illegible]
Nationwide BS 10⅛ 93 £	75	95⅝	96⅛	+0⅛	−0⅛	11.09
NSW Treasury 10⅛ 92 £	50	†97¼	97¾	−0¼	−2¼	11.25
New Zealand 7¾ 93 Ecu	200	†97	97½	0	−0½	8.37
Oesters. Kblk. 13⅝ 94	75	99⅞	100⅛	−0¼	−0¼	13.42
Prudential Fin. 9⅞ 07 £	150	84⅞	85⅜	−0½	−2	11.35
Royal Insce. 10⅞ 92 £	60	†97	97½	−0¼	−0⅛	11.50
Royal Trustco 10⅛ 90 C$	75	99⅝	100⅛	+0⅛	−0½	10.38

INTL. COMPANIES and FINANCE

Hongkong Bank first-half earnings reach HK$ 1.4bn

BY DAVID DODWELL IN HONG KONG

THE HONGKONG and Shanghai Banking Corporation yesterday pointed to the strong recent performance of the Hong Kong economy as an underlying force behind a 17.9 per cent improvement in attributable profits in the first half of this year.

Profits after tax and transfers to inner reserves amounted to HK$1.41bn ($180.5m), compared with HK$1.2bn in the first half of 1986.

On a cautionary note, the board said political uncertainty in the Middle East was "a cause for concern" about operations in that region. The bank owns the British Bank of the Middle East.

Growth in the US economy had been lower than expetced and protectionist pressures also "gave grounds for concern." Trade finance plays an important part in the Hongkong Bank's worldwide business.

The interim results released yesterday took no direct account of the losses at the Marine Midland Bank in the US, which are expected to amount to US$100m this year, following a decision to make a provision of US$400m against liabilities in South America. Marine Midland is 52 per cent owned by the Hongkong Bank. The Hongkong Bank's share in these losses is to be written off as an extraordinary item, and set against inner reserves.

In Hong Kong, the bank said that a *buoyant stock market*, rising property prices, improved loan demand, and strong growth in domestic exports had underpinned a strong bank performance. Wardley, the group's merchant banking arm, and James Capel, the UK-based stockbroker now wholly-owned by the bank, also "turned in strong performances".

Operations in southeast Asia, which have been badly affected by sluggish economic growth in the recent past, "showed encouraging results", in part because of a long-awaited rally in commodity prices.

The bank's net profit, at HK$1.45bn, was just HK$100m better than the first half of 1986. The reduction of its holding in Cathay Pacific Airways and the disposal of its stake in the South China Morning Post newspaper group resulted in a fall in profits from associates from HK$287m in 1986 to *HK$136m this year.*

However, more than compensating for this was a fall from HK$444m to HK$178m in profits paid to minority interests in subsidiaries.

The bank declared an interim dividend of 12 HK cents per share, compared with an adjusted 11 cents at the halfway stage last year.

See Lex

Bell Group after-tax profits up by 33%

By Chris Sherwell in Sydney

BELL GROUP, the principal company in the expanding business empire of Australian entrepreneur Mr Robert Holmes à Court, yesterday reported an after-tax profit for the year to June of A$112m ($79.5m), up 33 per cent on the previous year's figure of A$84.2m.

Including the equity-accounted earnings from 40 per cent-owned Bell Resources and 37 per cent-owned J. N. Taylor Holdings, the profits figure was 46 per cent higher, rising to A$220.0m

The result, released one day after Bell Resources reported sharply improved interim results, represents the sixteenth consecutive annual profit increase for the diversified industrial, media and investment group.

The profit is equivalent to earnings of 75 cents per share and compares with a bonus-adjusted 53 cents in the previous year. A final dividend of 5 cents brought the total to 10 cents, unchanged from last year.

In a brief statement accompanying the figures, Bell said its 15 per cent interest in Standard Chartered, the British bank, was accounted for as an investment rather than as an associate.

Sales revenues were put at A$1.94bn, up 90 per cent from the previous year's A$1.02bn. The contribution from associates almost trebled to A$1.2bn.

Other revenues also rose sharply, increasing from A$582m to A$1.4bn. Of this associates contributed A$556m, dwarfing the previous year's A$80m.

Interest on borrowings more than doubled from A$145.5m to A$319.6m. Depreciation charges also doubled, from A$73m to A$144m.

Extraordinary items amounted to a loss of A$3.3m, compared to a profit of A$48.6m last year. The principal component of the latter was Bell's profit on its disposal of international music publishing interests, including the catalogue of compositions by "The Beatles."

Ariadne joint venture buys US thrift

ARIADNE AUSTRALIA, an *Australian investment* company, has acquired Western Federal Savings and Loan Association of Los Angeles in a joint venture with an investor group led by Mr William Simon, the former US Treasury Secretary, AP-DJ reports from Sydney.

Ariadne will pay the equivalent of A$200m ($141.9m) for Western Federal and then sell 50 per cent to the Simon group.

Western Federal has 23 branches around Los Angeles and assets equivalent to more than A$3bn.

UK COMPANY NEWS

Hanson keeps momentum as profits reach £517m

BY DAVID WALLER

STOCKBROKERS' analysts yesterday upgraded their full-year profits forecasts for Hanson Trust after the industrial conglomerate announced better than expected third quarter results.

Hanson—which earlier this month announced an agreed $1.7bn bid for New Jersey-based Kidde Inc—reported pre-tax profits of £210m for the three months to the end of June, compared with £144m in the same period last year.

Brokers had been expecting less than £200m and promptly increased their estimates for the year to September 30. Expectations now range from £720-£725m, against £690m prior to yesterday's announcement.

Turnover for the quarter was £1.45bn (£1.49bn), and tax was £45m (£28m). Further details were not disclosed.

For the nine months to June 30, pre-tax profits were £517m (£302m) on turnover of £4.9bn (£3.04bn). The figures include a full six months' contribution from Kaiser Cement, bought in January this year — and an additional seven months' contribution from the Imperial Group's continuing operations.

The figures for 1986 include sales and profits from businesses since sold. These include Glidden Coatings and Durkee Foods, Golden Wonder and Courage, believed to have contributed some £40m to the comparable nine months period.

Sir Gordon White, chairman of Hanson Industries, Hanson Trust's US arm, said that the decision to publish quarterly figures—in line with standard US practice—would "allow shareholders and the rest of the financial community to follow the company's progress more closely." Lord Hanson, chairman, said that the board looked forward to the remainder of the year with confidence. The company is to seek shareholders' approval for the Kidde acquisition at an Extraordinary General Meeting to be held on September 29.

● comment

Despite analysts' warm welcome for Hanson Trust's somewhat skeletal first ever set of quarterly figures, the shares added no more than 1½p yesterday to close at 191½p. Given that they have risen in the last month, outperforming the declining market by 10 per cent ahead of the results, this is not as peevish a response as it might first seem. But Hanson's rating problem has nevertheless been exacerbated by the bullish full-year forecasts, and not alleviated by evidence, of sound trading growth. The shares now stand on a prospective multiple of under 14. The danger for Hanson is that momentum for a re-rating will be arrested by UK institutions selling into strength as a means of reducing over-weight positions. Hanson's hope is the slack will be taken up by US investors, who already own 10 per cent of the equity. They may be encouraged to do so once the Kidde deal is formally clinched — and more so once Hanson starts to dispose of that company's famous brand-names.

Evans Halshaw £1m increase

BETTER TRADING in all divisions, backed up by a large reduction in interest charges, enabled Evans Halshaw Holdings to lift its pre-tax profit from £1.33m to £2.4m in the first half of 1987.

Turnover of this national group of multi-franchies vehicle contract hire and component distributors, rose some 20 per cent to £102.84m.

Mr Geoffrey Dale, chairman, expressed confidence that the full year would show an excellent result, against the previous £3.56m. Trading in August was very buoyant, he added.

From earnings of 11.4p (8.9p) an interim dividend of 2p net is declared. Last time the company paid a special interim of 0.72p and a final of 3.47p, against a 3.38p single payment forecast in the June 1986 offer for sale.

The chairman explained that in the motor group the improving market conditions led to increased margins and volumes on new and used cars and commercial vehicles in most of the franchise dealer operations. That, combined with the continuing growth in after-market activities, gave a major impetus to the division's bottom line.

Ford and Jaguar dealerships were particularly successful. Progress continued in the Rover outlet but the four GM dealerships saw a modest fall in profits as a result of Vauxhall's reduced market share and the closure of Bedford Trucks in 1986.

In the Motorproducts Group (Moprod) consistent organic growth continued and a further 30 per cent improvement in turnover and profit was achieved. Plans to extend the product lines were well advanced with a range of steering and suspension parts for launch next month.

The contract hire fleet exceeded 5,000 vehicles.

On prospects he said growth was continuing in all businesses; in Moprod and contract hire that was substantially in excess of respective markets.

In the retail motor sector there seemed to be a return to a more disciplined market management.

● comment

Motor distributors have enjoyed happier times of late, as the one time chronic oversupply of vehicles has disappeared, bringing an end to the discount wars which had, however, lasted long enough to drive some of the competition out of business. Evans Halshaw, as the first of the recent batch of dealers to join the stock market, has benefited as much as anyone, despite Vauxhall's reduced market share which wiped around £50,000 off first half profits. But the exciting growth is coming from the group's other two arms; contract hire and motor products, which are expanding by 50 per cent and 30 per cent a year respectively. With their help, pre-tax profits should climb to £6m this year putting the shares at 352p on a prospective p/e of 12, in line with the rest of the sector.

Thorn EMI placing clawback below 1%

By Nikki Tait

THE £371m share placing undertaken by Thorn EMI, diversified electronics group, to finance its acquisition of Rent-A-Center, US electronics rental company, has become the latest victim of the recent plunge in London share prices.

Only 381,826 shares, less than 1 per cent of the equity being issued, have been taken up by existing shareholders under the clawback provisions.

"We're honestly not surprised, given what the market has done recently," commented Mr Colin Southgate, chief executive yesterday.

The deal was unveiled at the end of July and immediately ahead of the announcement, Thorn shares were trading at 756p. The shares were placed by advisers, Goldman Sachs and Warburg Securities, at 695p, an 8 per cent discount.

Since then, the market has fallen by more than 4 per cent, and Thorn, which is enlarging its equity by 25 per cent through the Rent-A-Center deal, has underperformed by about 6 per cent. By the time the clawback closed on Monday afternoon, Thorn shares were traded at 670p. Yesterday, they recovered 5p.

The response to the offer, although one of the lowest on record, mirrors the trend set at a number of other companies including WPP, which saw only one-third of its £213m rights issue taken up, Regalian Properties and Mount Charlotte.

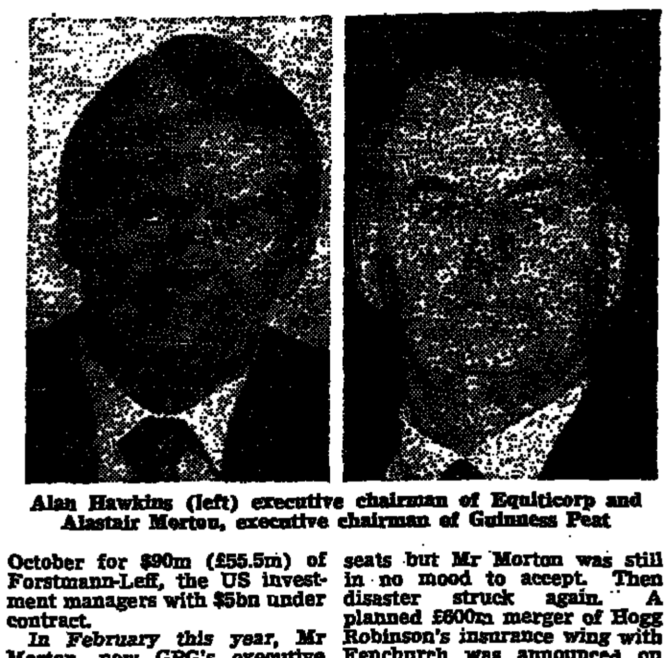
Mr Southgate revealed that even he had chosen to maintain his stake in Thorn through market purchases rather than via the clawback.

Carclo extends Deritend offer

Carclo Engineering has extended its £25m share offer for Deritend Stamping to 1 pm on September 15. Yesterday, at the bid's first closing date, Carclo had received acceptances for its offer from holders of 12,500 Deritend shares, or 0.24 per cent of the company's equity. Carclo already holds 11.2 per cent of Deritend.

Terry Povey looks at Equiticorp's bid for Guinness Peat

Ending the phoney war



Alan Hawkins (left) executive chairman of Equiticorp and Alastair Morton, executive chairman of Guinness Peat

THE CITY breathed a sigh of relief yesterday for whatever the outcome of Equiticorp's 110p a share offer for Guinness Peat at least it might bring to an end the phoney war that both groups have waged since the New Zealanders first came on the scene in April.

GPG has suffered a considerable amount of turmoil over the past few years. Soon after Mr Alastair Morton became chief executive in 1982, the group's leadership became deeply divided. Lord Harry Kissin, GPG's founder and presently holder of 5 per cent of its shares, has had a series of public falling outs with Mr Morton.

However, after surviving serious problems and selling off the commodity operations in the early 1980s—a pre-tax loss of £32m was reported for 1981-1982—St Mary-at-Hill, group headquarters, had much of its confidence restored under Mr Morton's determined if abrasive leadership. In the year to September 1985, profits had been restored, £17.6m pre-tax was posted (rising to £21.6m last year), and by the autumn, GPG was ready to expand by launching a £280m bid for Britannia Arrow, the reconstituted former Slater Walker group.

But this marriage of born-again financial services groups was not to be. At the last minute, Mr Robert Maxwell and Mr David Stevens led a concert party to the rescue to thwart the final offer. Following this failure GPG became the subject of bid speculation itself.

Mr Morton's rationalisations left GPG with three main strings to its bow—GPA (formerly Guinnes Peat Aviation), the aircraft leasing operation base in Ireland; Fenchurch, its insurance broking arm; and Guinness Mahon, the merchant banking, fund management and securities subsidiary. Of these it was the latter that was the weakest—until the acquisition last October for $90m (£55.5m) of Forstmann-Leff, the US investment managers with $5bn under contract.

In February this year, Mr Morton, now GPG's executive chairman, was brought in at the Bank of England's behest to become co-chairman of the Eurotunnel—a task that has clearly taken up a good deal of his time and led recently to the appointment of Mr Michael Kerr-Dineen as group managing director.

Then came black April. On the second day of the month Equiticorp announced that its 75 per cent-owned Hong Kong subsidiary Capitalcorp had purchased 25.5 per cent of GPG. Fourteen days later the two most senior executives at Guinness Mahon bank resigned—citing management disagreements as part of the cause. Eight more executives left in June to join the other two at British & Commonwealth.

By June, the New Zealanders, now advised by Samuel Montagu (which raised £80m to fund the entrepreneurs' share spree through a syndicated loan), were demanding board seats but Mr Morton was still in no mood to accept. Then disaster struck again. A planned £600m merger of Hogg Robinson's insurance wing with Fenchurch was announced on June 23. This would have provided a considerable shot in the arm for GPG but the deal collapsed when Fenchurch's executives refused to accept minority status within the combined insurance broking operation.

In the wake of this Mr Morton was obliged to present a reluctant olive branch to Capitalcorp—accepting two of its members on the board in exchange for its underwriting of a £17m issue of shares to cover part of the cost of acquiring the US management Compensation Group.

As half of GPG's other shareholders did not accept these shares, on offer at 98½p, the New Zealand stake rose to a threatening 29.998 per cent and suggested to Equiticorp that it need not pay more than 110p to be able to purchase more shares—which it confirmed yesterday by purchasing the 5.6 per cent holding of Germany's ICG Chemie-Handelsgesellschaft at this price, taking its total holding up to 5.6 per cent.

The Guinness Peat stake is Equiticorp's first serious UK involvement. As New Zealand's 10th largest company, its operations have recently been divided in two parts—banking and investment.

In the year to March it reported net profits of NZ$ 105m (£38.8m), more than triple the NZ$ 30m in the previous year. With shareholders' funds of about NZ$ 500m, the group carries debts totalling NZ$ 2bn — however, most of these are attributable to the banking operations, where gearing is about 10 to one (comparable with that of UK banks), rather than the investment side where a 150 per cent gearing exists.

Mr Allan Hawkins, the former accountant who runs Equiticorp, is an experienced maker of bids — he is currently in a standoff with the UK's Redland in a battle over Monier, an Australian construction materials company.

The conflict between Equiticorp and GPG centres presently on the cost of the complex terms being offered to buy-in a management team to run the devastated Guinness Mahon merchant banking and investment management part of the group.

With an Equiticorp injunction blocking an implementation of the deal announced yesterday it is not clear whether GPG will be able to proceed with what the New Zealanders could well see as a poison pill.

GPG's share price has so far failed to respond much either to Equiticorp's stake building or the 110p a share, closing last night at 111½p. Much could depend on the attitude of Lord Kissin, the only major shareholder who has so far not sold to the New Zealanders — at this price will he be willing to see the group he founded but whose leadership he dislikes pass into another's hands?

Delta bid for Scholes fails

BY PHILIP COGGAN

Shares in George H. Scholes fell 40p to 505p yesterday after news that the £70m by Delta Group for the electrical engineer had failed. Yesterday, the Midlands-based engineering and electricals group announced that it had received acceptances in respect of only 29.4 per cent of the equity, and even with the 0.4 per cent it already owned that left it well short of success.

Delta launched its bid, which had a 550p cash alternative, on July 7 after earlier talks between the two companies which had aimed at an agreed merger. The extent of the progress of those talks was a source of continuing dispute throughout the course of the bid but Scholes appears to have convinced its institutional shareholders, despite the defection of some family holdings, of its arguments that the bid had no commercial or financial merit.

The failed bid represents another example of the recent trend for institutions to back companies against predators, highlighted by Pilkington's successful defence against BTR. Delta was putting a brave face on defeat yesterday, although it was widely seen as needing an acquisition to speed up its growth record.

Mr Geoffrey Wilson, Delta's chairman said "our future plans are ambitious and we will continue to pursue growth in our three major business areas both organically and via acquisitions."

AAH strengthens its supplies activities

AAH Holdings, the pharmaceuticals, builders' supplies and environmental services group, has strengthened its supplies activities with the acquisition of Middle Dock (Appledore) Storage for £1.7m.

The Cornwall-based Middle Dock is a long-established builders' merchants business with depots at Bude and Callington. Turnover for the year ending August 31 1987 is expected to be £2.5m.

AAH has also cmpleted the acquisition of A. Hough (Heatseal), the Nottingham-based commercial glazing contractor and supplier of domestic double glazing. With turnover for the year to July 31 1987 of £2.6m, Heatseal strengthens AAH's specialist glass merchanting

Aberdeen Steak Houses and missing funds

BY PHILIP COGGAN

MR ALI SALIH, the chairman of Aberdeen Steak Houses, the USM-quoted restaurateur, was unavailable for comment yesterday in respect of the £163,000 of missing funds reported in the group's annual report which resulted in auditors Coopers & Lybrand qualifying the accounts.

In the annual report, Mr Salih said that there had been a "defalcation" of takings worth £163,000 and the matter was now in the hands of the police. No arrests are understood to have been made as yet.

Coopers & Lybrand states that the company has mislaid the cash receipts and certain branch returns covering a period of about six months, which approximately coincided with the disappearance of the funds. The matter was not reported when the company announced its preliminary results in April.

In March, two of the group's non-executive directors and its brokers Fiske & Co resigned, saying that their decisions were connected with the long-running complaints from former employees alleging underpayment of wages.

Judgment was awarded against Aberdeen Steak Houses in the High Court in respect of the underpayment of six workers and an appeal against the decision to a judge in chambers was unsuccessful. The six workers were awarded £4,000 with the company paying a further £5,000 into court in respect of the claims of another ten members of staff.

A further 54 workers have made claims against the company, with the potential size of the claim estimated to be in excess of £100,000.

annual report, the company states that it will vigorously contest such claims and that no material unprovided loss will arise.

Murray Intl Tst

Murray International Trust reported net asset value up at 258.2p at the end of June 1987 against 211.2p a year earlier. For the first six months of the year post-tax revenue came out lower at £2.79m against £3.06m for earnings per share of 2.35p (2.59p). An interim payment of 1.75p (1.5p) has already been paid and the directors forecast a final payment of not less than 3.75p.

First Scottish

At July 31 1987 net asset value of First Scottish American Trust had surged to 621.6p, from 468.7p six months earlier and from 412.6p at July 31 1987.

For the half year ended July 31, earnings came to 7.82p (7.89p) per share and the interim dividend is raised to 5p net (4.5p).

UK COMPANY NEWS

Reebok helps Pentland to lift profits to £40m

BY CLAY HARRIS

THE SOARAWAY US success of Reebok sports shoes spurred Pentland Industries, the industrial holding group to interim pre-tax profits of £39.67m, a 15.6 per cent advance on the £34.3m result in the first half of 1986. Its shares fell 17p to 230p.

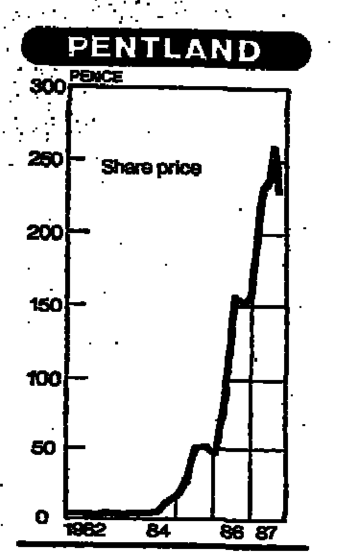
Mr Stephen Rubin, chairman, said yesterday that Pentland would shortly announce details of its planned investment in El Greco, a US designer and distributor of women's fashion shoes. With £40m cash on hand, other acquisitions were also likely, especially in service industires.

Pentland's stake in US-listed Reebok International, reduced from 37 per cent to 32 per cent in April, accounted for the lion's share of £33.15m (£29.1m) of pre-tax trading profits from associated companies.

Non-Reebok activities, including overseas trading, fashion, small domestic electrical appliances and other footwear produced higher growth, however, contributing £6.52m against £5.21m, to account for 16.5 per cent (15.2 per cent) of pre-tax profits.

The Reebok share sale produced a net extraordinary credit of £18.45m after allowing for tax of £11.94m.

This increased the retained profit for the first half to £40.1m. Pentland also credited to reserves the £19.1m increase in its proportion of Reebok's shareholders' funds as the result of the share issue at a premium.



Since the end of 1986, Pentland's own shareholders' funds have grown by more than 50 per cent from £96.5m to £150m, or 53p per share. Of this, the Reebok holding accounts for about 45p—although on market value it would be worth 179p per Pentland share.

Earnings per share rose by nearly 20 per cent to 8.07p (6.75p adjusted for a two-for-one scrip issue in June), and the interim dividend will be lifted by 64 per cent to 0.135p (0.083p adjusted).

● comment

The sliding share price is easy to explain but hard to justify. With Reebok always quicker off the mark with its comparable figures, Pentland's scope to surprise is limited and yesterday's result was right on target. Still, the market thought the paint should be dry by now on El Greco, and early-account traders who were counting on cashing in on a resulting upward blip quickly cut their positions in thin trading. The weak dollar could be a slippery patch ahead. But all those trainer-shod feet rushing back to school in the second half should intensify Pentland's sweet dilemma — whether to stay fully committed to a Reebok wave which shows no sign of cresting or follow its instinctive desire to move a few more eggs into other baskets. After its shoes' phenomenal leap from silver to gold last year in the US, Reebok's acquisition and new products strategy is calculated to avoid being overtaken by the next fashion and to reproduce the success in other markets. At £90m pre-tax for the full year, producing earnings of 18p, Pentland's prospective p/e of less than 13 fall a couple of points shy of Reebok's own hardly-ambitious multiple. There is no reason why it should.

Thos Robinson in £10m deal

BY NIKKI TAIT

Thomas Robinson, the fast-growing engineering group headed by Mr Graham Rudd—older brother of Mr Nigel Rudd, chairman of Williams Holdings—yesterday emerged as the buyer of Crown House's remaining engineering businesses.

Robinson is buying W. J. Furze—which has interests including engineering, steeplejack work and lifts—and Zest, a heating and ventilation equipment supplier, from Coloroll for approximately £10m.

Coloroll acquired the two businesses as part of its Crown House acquisition via an £88m agreed bid last April. Last week, Coloroll disclosed that it was selling Crown House's main engineering business — Crown House Engineering—to management for £35.9m. Mr John Ashcroft, Coloroll chairman, yesterday said that the full sum raised from the Crown House disposals (including certain properties) would be about £58.3m.

In addition to the two acquisitions from Coloroll, Robinson is also purchasing for £4.29m an electrical switchgear and installation business—Wincanton Electrical Services—from Unigate.

To pay for the three deals, the company is making a vendor placing of 2.3m shares, which have been placed by Phillips and Drew and Henry Cooke Lumsden at 570p. That raises just over £13m and the remainder will come from cash resources. There is no clawback for existing shareholders.

Yesterday, Mr Rudd said that WES fitted well with Robinson's recently-acquired Derek B. Haigh; the latter covers the north of England while WES is concentrated in the south. In the year to end-March, WES made an operating profit of £641,000 and net assets being acquired are estimated at £1.19m.

Zest also links in with existing interests in the air-conditioning business. Its pre-tax profits were £264,000 in the year to end-March and net assets at that date totalled £698,000.

The largest company, Furze, represents more of a departure from Robinson's current businesses; the engineering side takes in theatre lighting equipment and the marketing of fasteners, while the lift interests involve both manufacturing and installation. Over the period to March, pre-tax profits were £810,000 and net assets £3.6m. Management will stay with all three companies.

Yesterday, Robinson shares eased 2p to 593p. Robinson, which has recently been extremely active on the acquisition trail—five during 1986—says it plans to keep up the cash deals currently in the pipepace with as many as six smaller line, according to Mr Rudd.

Irish Wire acquiring Tiger Tim

Irish Wire Products, Limerick-based maker of nails and screws, which recently underwent a capital reconstruction and a buy-in by a grou pof investors, is acquiring Tiger Tim Produets, unquoted firelighters manufacturer. The consideration was not disclosed.

Tiger Tim is based in North Wales and reported pre-tax profits of £833,000 in the year to last July.

WCRS purchase

WCRS Group, the advertising company, is to buy Pope Kiernan and Black, a Sydney agency, through The Ball Partnership, its Australian and Asian-based subsidiary. PKB's annual billings of A$15m will increase the group's total Australian billings to more than A$85m (£37.3m).

Yearlings up

The interest rate for this week's issue of local authority bonds is 10 11/16 per cent, up 1/8 of a percentage point from two weeks ago, and compares with 9 11/16 per cent a year ago. The bonds are issued at par and are redeemable on August 31 1988. A full list of issues will be published in tomorrow's edition.

Viking Resources makes £3.3m US investment

BY NIKKI TAIT

Viking Resources, the Ivory and Sime-managed investment trust in which two Antipodeans between them hold one-third of the shares, announced yesterday that it has invested a further $5.4m (£3.33m) in direct oil and gas-producing properties in the US.

Last autumn, Viking—which saw a sharp fall in net asset value during the collapse in the oil market—put a revised investment strategy to shareholders, under which as much as 50 per cent of the fund could be devoted to direct investment.

Since then the company has acquired US properties for a total cost of $14.5m, taking the book value of this type of asset (including properties already owned) to more than $17m. The net assets of the fund are put at 72p a share, and the total value of the trust at about £25m.

Yesterday, Viking added that the direct oil and gas portfolio is expected to generate an annualised cash flow of $4.8m—and argues that this could justify the recent surge in the share price, which yesterday closed at 89p. The company says it has still had no contact with either Mr Ron Brierley, the New Zealand entrepreneur who holds 16.4 per cent of Viking, or Mr Alan Bond, the Perth-based Australian entrepreneur, with 15.4 per cent.

Flogas profit surges to I£4m

Flogas, the Irish-registered importer and distributor of liquefied petroleum gas, continued to grow in the second half and produced a pre-tax profit of I£2.93m.

That led to a total profit of £4.24m for this USM quoted company over the year ended May 31, 1987, compared with £2.81m. Turnover showed a marginal reduction at £19.7m (£20.54m).

Earnings were up to 19.62p, from 14.14p, and the final dividend is 3.405p for a net total of 5.313p (3.4p).

The directors said they were budgeting for contained growth in volumes and in profits in both Ireland and the UK, with the main growth coming in the latter.

Asda-MFI director resigns to lead buy-out

By Clay Harris

MR DEREK HUNT yesterday resigned as a director of Asda-MFI after confirming that he is leading a management effort to buy MFI, the furniture chain which is being sold as part of the break-up of the diversified retail group. He will remain as chairman of MFI.

The management buy-out effort had been expected since the superstores company last month announced plans to sell MFI and Allied, the carpet retailer. At that time, Mr Hunt, chief executive of MFI before it merged with Asda in 1985, quit as group deputy chairman and chief executive.

Yesterday's further resignation followed the Hunt group's formal registration of its interest in MFI with Kleinwort Benson, the merchant bank handling the Allied and MFI disposals.

The Stock Exchange, meanwhile, yesterday required Harris Queensway, the electrical and furnishing retailer, to make a formal announcement that it was seeking to buy Allied. On Monday, Sir Philip Harris, chairman, had confirmed reports that the group had submitted a cash offer, believed to be worth about £100m, but the company did not make a public statement.

● *Mr David Donne is chairman of Asda-MFI and not Sir Noel Stockdale as stated in last Saturday's Financial Times.*

Japan Tobacco buys 2% stake in Molins

By Nikki Tait

WITH the battle for control of Molins, the engineering group facing a hostile bid from Mr Ron Brierley's Tozer, Kemsley and Millbourn due to reach its final close this Friday, a second Japanese company has been picking up shares in the company.

Japan Tobacco Inc, which was born out of the privatisation of two state-controlled companies — Japan Tobacco and the Salt Public Corporation—two years ago, has acquired 600,000 shares, or a 2.04 per cent stake. The latest purchases — 100,000 shares made through stockbrokers Cazenove at 308p—were notified yesterday.

Japan Tobacco has a trading relationship with Molins, which produces cigarette packing machines, and last night the UK company's advisers, Lazards, said they believed the Japanese company was interested in seeing Molins remain independent. Japan Tobacco is the second Japanese company to pick up shares: earlier this month, Marubeni, the giant trading house and Molins' agent in Japan, acquired just over 4 per cent of the shares.

Yesterday, Molins shares jumped 3p to 312p—compared *with the TKM cash alternative of 300p.*

TR Pacific reports rise in net assets

TR Pacific Basin Investment Trust, Touche Remnant-managed fund, which is facing a hostile approach from Mr Richard Thornton's Thornton Pacific Investment Fund, has reported fully diluted asset value, allowing for exercise of all warrants, up at 314.2p a share at the end of July, against 239.5p.

Revenue before tax in the six months to July 31 fell slightly to £938,560, against £1m, but is slightly higher at the after-tax level, at £660,973 (£652,283). The investment policy recently has been to redeploy resources from Japan into many of the smaller Far Eastern markets.

Scandinavian Bank interim profits fall to £500,000

BY HUGO DIXON

Scandinavian Bank Group, Britain's 11th largest banking group, which floated its unique multi-currency shares on the stock exchange earlier this year, yesterday announced pre-tax profits of £500,000 for the six months to June 30.

The profits, which were down from £12.4m in the comparable period of last year, were hurt by the bank's decision to make £14.1m in provisions against its exposure to the Third World debt crisis. If the provisions are stripped away, underlying profits grew by 18 per cent.

The move means Scandinavian now has provisions equivalent to 30 per cent of its commitments

Mr Garrett Bouton, Scandinavian's managing director, said that the provisions varied from 85 per cent of its small North Korean exposure to 8-9 per cent for countries where the risk was minimal.

Scandinavian did not include anticipated tax relief—which it expects to amount to about £5m over the next two years—in its interim statement with the result that, after tax and minorities, there was a loss of £3.5m —4.7p per unit of multi-currency shares. The directors announced an interim dividend of 2.7p per unit and confirmed that it expected dividends for the full year to be not less than 8p.

● comment

Strip away the provisions and Scandinavian Bank's shares—at 250p per multi-currency unit—look cheap. The assumed profits split—40 per cent traditional banking, 40 per cent steadily - growing treasury operations and 20 per cent exclusive Swiss investment management—is more reminiscent of a merchant bank than a clearer. The group is expanding its investment operations and UK personal financial services rapidly and, barring problems with mortgage fraud, earnings per unit next year should be 33p giving a price-earnings ratio of 7.6. A p/e ratio of 8-9 would seem more suitable.

Granada continues growth with £12m buy

Granada Group, television and leisure company, continued its recent acquisitions with the purchase of Teletape Video for £11.6m. The move follows the spending of between £50m and £70m in the first half of this year including the purchase of Laskys and two companies in the US hospital TV rental market.

Of the consideration £10.1m is payable on completion made up of £4.1m cash and the rest in loan notes. The balance may be adjusted on a profit-related basis.

COMPANY NEWS IN BRIEF

NEWMAN TONKS GROUP has paid DM5.45m (£1.84m) for Wehag Leichtmetall, producer of one of West Germany's leading brands of architectural hardware for the specification and high quality residential markets. Wehag's sales are currently running at an annual rate of more than DM15m (£5m).

Cityvision (video-film hire group) has purchased the Network video chain in a £400,000 cash deal.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Robert M. Douglas ...	1.8	Oct 7	1.5	3	2.25
Evans Halshaw ......int	2	Oct 9	0.72	—	4.19
First Scot Amer ...int	5	—	4.5	—	12
Flogas	‡3.41	—	2.13	5.31	3.4
Alfred McAlpine ...int	4.4	Oct 23	4	—	14.5
Pentland Inds ......int	0.14	Nov 2	0.08*	—	0.42*
Phicom ....int	0.3	Oct 23	0.2	—	0.5
TR Pacific Basin ...int	0.5	Oct 9	0.5	—	1.3‖

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Included special 0.3p.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

1987 Interim Report

The Directors announce that the unaudited profit for the six months ended 30 June 1987 attributable to the shareholders of the Bank was HK$1,412 million (1986: HK$1,197 million), an increase of 17.9 *per cent*. The profit was arrived at after providing for taxation and after making transfers to inner reserves.

The Directors have declared an interim dividend of HK$0.12 per share (1986: HK$0.11 adjusted), resulting in an increase in distribution of 15.3 per cent. The dividend will be payable on 1 October 1987 to shareholders whose names are on the Register of Shareholders on 30 September 1987. It will be payable in cash, with a scrip alternative, in accordance with arrangements previously announced.

Consolidated Profit and Loss Statement
for the six months ended 30 June 1987 – unaudited

6 months to 30 June 1986 HK$m		6 months to 30 June 1987 HK$m	£m	US$m
1,354	Net profit of The Hongkong and Shanghai Banking Corporation and its subsidiary companies	1,454	116	186
287	Share of net profits of associated companies	136	11	18
1,641		1,590	127	204
(444)	Profit attributable to minority interests in subsidiary companies	(178)	(14)	(23)
1,197	**Profit attributable to the shareholders of The Hongkong and Shanghai Banking Corporation**	1,412	113	181
(78)	Transfers to reserves by subsidiary and associated companies	(159)	(13)	(21)
(491)	**Interim dividend**	(566)	(45)	(72)
628		687	55	88
2,271	Balance brought forward	2,744	219	351
(573)	Transfer to Reserve Fund	–	–	–
(4)	Exchange adjustments	11	1	2
2,322	Retained profits carried forward	3,442	275	441
HK$0.28 (adjusted)	Earnings per share	HK$0.32	£0.03	US$0.04
HK$0.11 (adjusted)	Dividend per share	HK$0.12	£0.01	US$0.02

Consolidated Balance Sheet details:

31 December 1986 (audited) HK$m		30 June 1987 (unaudited) HK$m	£m	US$m
715,284	Total Assets	801,125	64,059	102,590
26,511	Shareholders' Funds	31,058	2,483	3,977

Chairman's Review

Economic conditions in Hong Kong during the first half were buoyant. On the Stock Market new highs were recorded and property prices continued their upward trend. Loan demand improved and both domestic exports and re-exports recorded strong growth. Unemployment remained low and in many industries there is now a shortage of workers at all levels. There was a gradual increase in the rate of inflation and this is a matter of some concern.

Overseas most of the Bank's traditional operations showed encouraging results. Earlier hopes of a modest increase in commodity prices were realised and this had a beneficial effect upon most South East Asian economies. Economic conditions in the Middle East were stable but the political situation continues to cause concern. In the United States the growth rate of the economy was less than expected; this, and the fear of protectionism, gives ground for caution. Profit growth in most Group subsidiary and associated companies is encouraging and is expected to remain so. This is particularly true of our capital markets subsidiaries; both the Wardley Group and the James Capel Group turned in strong performances.

As previously announced, the loss reported by Marine Midland Banks, Inc. subsequent to their decision to create a special reserve against LDC debt has been accounted for as an extraordinary item. As such it has been taken directly to inner reserves and will not therefore affect the published Group profit figure in 1987. Shareholders will be aware that the Bank made a proposal last month to acquire all of the outstanding shares of Marine Midland not already owned by it at a price of US$70 per share. The formal response to that proposal by the Board of Marine Midland is awaited. Under the 1978 investment agreement between the Bank and Marine Midland any increase in the Bank's shareholding must be approved by a majority of the holders of the shares of Marine Midland and the Bank is required to vote in accordance with the majority of votes cast by the other shareholders.

The rights issue announced in March was successfully completed, raising some HK$3.3 billion of new capital. In June the Bank acquired from the Victorian Economic Development Corporation the 20% of HongkongBank of Australia which it did not already own; and in July the New Zealand authorities granted the Bank a full banking licence.

If the present favourable trend in Group profits continues, your Directors expect to recommend a final dividend for 1987 of not less than HK$0.26 per share, equivalent to an increase of 15.8 per cent in the total distribution over 1986.

Closing of Register of Shareholders

The Register of Shareholders will be closed from 14 September until 30 September 1987 (both dates inclusive). In order to qualify for the interim dividend, all transfers (accompanied by the relevant share certificates) must be lodged with the Registrars not later than 4.00 pm on 11 September 1987.

Directors' Interests

At 30 June 1987 Directors and their associates had the following beneficial interests in the shares of the Bank and in the shares of Common Stock of Marine Midland Banks, Inc.

	Bank	Marine Midland		Bank	Marine Midland
C G Blaine	–	1,000	H M P Miles	45,526	–
D E Connolly	200,000	–	C W Newton	5,020	–
F R Frame	27,400	100	J R Petty	541	48,942
R R Frederick	25,600	500	W Purves	73,149	100
J M Gray	26,663	–	H Sohmen	434,382	–
D G Jaques	48,781	–	J J Swaine	528	–
S L Keswick	6,060	–	J C C Tang	30,000	–
K S Li	1,531,560	–	G A Thompson	–	15,900
			P J Wrangham	105,465	–

J R Petty and G A Thompson have resigned and C G Blaine and P J Wrangham have been appointed Directors since 30 June 1987.

By Order of the Board
R G Barber
Secretary

Hong Kong, 25 August 1987

Copies of this Report and of the Abbreviated Consolidated Profit and Loss Account and Balance Sheet for the six months ended 30 June 1987 will be sent to shareholders and will be available at the offices of the Bank at 1 Queen's Road Central, Hong Kong and 99 Bishopsgate, London, EC2P 2LA.

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	203	—	7.3	3.6	12.4
206	145	Ass. Brit. Ind. CULS	203	—	10.0	4.9	—
40	34	Armitage and Rhodes	39	—	4.2	10.8	5.5
142	67	BBB Design Group (USM)	113xd	+3	2.1	1.8	18.0
167	108	Bardon Group	167	+1	2.7	1.6	28.5
175	95	Bray Technologies	175sus	—	4.7	2.7	14.0
261	130	CCL Group Ordinary	261	—	11.5	4.4	6.7
141	99	CCL Group 11pc Conv. Pref.	141	—	15.7	11.1	—
171	136	Carborundum Ordinary	171	—	5.4	3.1	14.9
100	91	Carborundum 7.5pc Pref.	100	—	10.7	10.7	—
129	87	George Blair	129xd	+1	3.7	2.9	3.3
143	119	ISIS Group	120	—	—	—	—
76	59	Jackson Group	75	—	3.4	4.5	8.3
443	321	James Burrough	442	—	18.2	4.1	10.0
97	86	James Burrough 9pc Pref.	97	—	12.9	13.3	—
780	500	Multihouse N.V. (AmstSE)	500	—	—	—	19.8
547	351	Record Ridgway Ordinary	547	+3	1.4	—	11.1
86	83	Record Ridgway 10pc Pref.	86	—	14.1	16.4	—
91	72	Robert Jenkins	72	−3	—	—	3.2
124	42	Scruttons	124sus	—	—	—	—
220	141	Torday and Carlisle	220	—	6.6	3.0	10.7
42	32	Trevian Holdings	42susxc	—	7.9	18.8	0.5
131	73	Unilock Holdings (SE)	108xd	—	2.8	2.6	19.9
221	115	Walter Alexander	221xd	—	5.9	2.7	16.4
198	190	W. S. Yeates	195	—	17.4	8.9	19.5
175	96	West Yorks Ind. Hosp. (USM)	132	—	5.5	4.2	14.0

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Member of FIMBRA

Granville Davies Coleman Limited
27 Lovat Lane, London EC3R 8DT
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Member of the Stock Exchange

UK COMPANY NEWS

Steven Butler examines the new expansionary strategy of the slimmer TI Group

Engineering another change of shape

AFTER spending much of the past year slimming down—hiving off Raleigh bicycles and a range of domestic appliance businesses to raise £238m—TI Group has now begun to fatten itself up again.

The first major step, announced yeserday, is the ne $310m (£191.4m) acquisition of John Crane, he world's largest producer of mechanical seals, as part of its purchase of the entire Houdaille Industries.

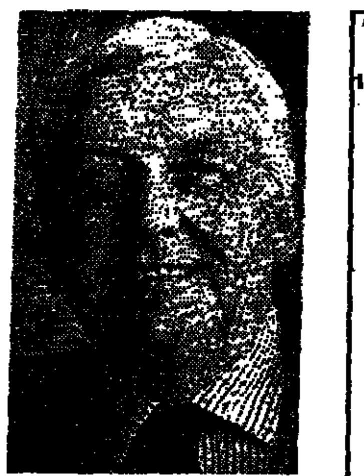
The acquisition will inevitably be seen as a test of TI's much advertised new strategy and indeed the start of a new chapter of what was a long-running saga of difficulties in a British engineering company.

It is not the most adventurous or aggressive of expansionary moves: TI already owns 51 per cent of Crane Packing, the UK arm of the Crane USA which in turn owns the balance.

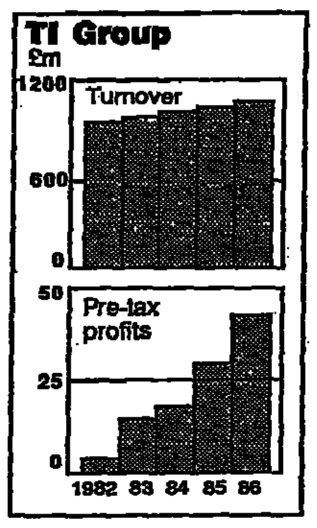
"We're consolidating a position in a business we're already in," said Mr Christopher Lewinton, chief executive. "These two (companies) have worked together through the equity holding for many years, and there is already a similar culture."

There is no doubt the acquisition fits well into the strategy TI has set for itself. The first phase of that straegy was o shed wha it saw as a muddle of businesses that were pulling the company in different directions and draining resources.

The bicycle business had lost money for years, despite all efforts to turn it around, and TI finally decided that at heart it was an engineering company that was failing short on the marketing end of consumer-oriented products — even though the consumer appliance side was profitable and cash generative.



Chris Lewington, chief executive



Renny Utiger, chairman

With a pile of cash in the bank, TI is now following its strategy and has embarked on an expansion of the pure engineering side.

This consists of building up specialised products where TI can command a major position in a global market, where technology is sophisticated enough to prevent a cheaper manufacturer from easily building a market stake, and where product differentiation is sufficient to prevent easy substitution of a competitor's product.

With the acquisition of Crane, TI will command about one-third of the $1bn annual worldwide market for mechanical pump seals. More than half the annual turnover is in replacements, which provide a solid floor under the business, while growth comes internationally as a natural bi-product of economic growth, as more pumps are used.

TI also anticipates fast-growing sales from a new seal developed for compressors.

Houdaille managed Crane as a cash cow following a leveraged buy-out in 1981—followed by a releveraging in the autumn of 1986—with a rather incredible 42 per cent return on capital last year.

TI says it checked carefully to be sure the business was not being run down in the process and sees opportunities for expansion internationally and in new product development. Crane had sat comfortably on a big slice of the US market, and TI will be spending money to invest overseas and expand worldwide sales.

TI should perhaps be forgiven for having been a bit coy about its acquisition strategy earlier in the year. Had word leaked out that TI had entered negotiations for Houdaille and would be in need of cash, the buyers of the appliance businesses may well have seen the opportunity for a bargain.

TI last year offered to buy the Crane businesses from Houdaille, but because of financing arrangements Houdaille could only have sold the entire group of businesses as a package.

The unfinished business of the acquisition is to sell off six remaining engineering companies, which TI says are conservatively valued at $190m. TI says it has already received inquiries and anticipates no difficulties. Indeed, it plans to proceed immediately with its acquisition programme.

Between drawing down its bank balance—TI had a net £90m cash position at the end of June—and the placing of 26.78m shares at 348p, TI will emerge after the transaction with a net 6 per cent geared position, at least temporarily.

"We'd be in position to move to conventional gearing levels and make an acquisition," said Mr Lewinton. Another big share issue is unlikely to be part of that in the short term.

The TI management has worked hard over the past year to change the shape of the group. Selling to the City a glossy new image, underpinned by the refocused strategy and a "mission statement," has not been on the bottom of the list of priorities.

It is easy to forget that the hardest work may still lie ahead. Selling a range of profitable businesses, and a loss-maker, drained management resources at TI for a difficult and long period.

The real test, however, will come as TI brings on board its new businesses and demonstrates it has the management skills to make a success of it.

Robert Douglas up to £4.5m

Robert M. Douglas Holdings, civil engineering and building contractor, took another significant step in its recovery when it revealed taxable profits which more than doubled during the year to March 31 1987.

On turnover down slightly more than £3m to £143.33m, profits surged from £1.78m to £4.46m. In the year to March 31 1985 Douglas made £1.01m and the year before £455,000.

The directors proposed a final dividend of 1.8p (0.75p), making a total of 3p (2.25p) for the year. After tax of £2.06m (£988,00) and extraordinary losses of £1.43m (£281,000), earnings per 25p ordinary share moved up from 5.3p to 16.3p.

Mr John Douglas, chairman, said that the economic climate for construction in the UK was now better than for many years and the company's workload was increasing satisfactorily. However, it was adjusting its commitments in certain overseas areas where risks were becoming unacceptable.

The construction division had achieved record results and, with the proportion of management contracting and of design and build work steadily increasing, Douglas hoped to maintain this level of profitability. Work on the £90m contract for the Birmingham International Convention Centre would add significantly to he workload during the next three years.

The construction equipment companies in Australia and New Zealand had both produced encouraging results; the materials supply division had produced record profits which had contributed significantly to group progress; and the plants division had improved its profits contribution.

Mr Douglas added that the company looked forward to achieving solid improvements in group profits in the current year.

Minority interests contributed £72,000 compared with only £9,000 last time.

Guidehouse joining USM

Guidehouse Group, financial services company, is joining the Unlisted Securities Market via an introduction. At the moment the shares are traded under Rule 535 (2).

Guidehouse has advised companies joining the USM and is a well-known sponsor of Business Expansion Scheme issues. It is also a corporate member of the Stock Exchange and provides an agency stockbroking service.

In 1986 it made pre-tax profits of £623,000 on turnover of a little less than £2m. Based on the last trading price, the group market capitalisation of £11.2m.

Dealings are expected to begin on August 27.

BOARD MEETINGS

TODAY

Interims: T. F. & J. H. Braime, *Church and Co, Ex-Lands, Glynwed* International, Gold and Base Metal *Mines, A. Jones, Northern Engineering* Industries, Palma, Pearl, President Entertainments, Refuge, Renaissance, *Steel Burrill Jones, Waterford Glass,* Weir, Wessanen.

Finals: AGB Research Transnatal Coal.

FUTURE DATES

Interims—

Abbott Mead Vickers	Sept 9
Accord Publications	Sept 14
Anglo American Gold	Sept 2
Beattie (James)	Sept 1
Bowater Industries	Sept 8
Brammer	Sept 2

APPOINTMENTS

Pearl Assurance board posts

Mr John Finan, general manager (UK home service), Mr Bill Flack, general manager (human resources) and Mr David Gordon (actuary) have been appointed to the board of PEARL ASSURANCE, principal operating company of Pearl Group, from September 1.

★

Mr Nigel Worne has been appointed managing director of HP FOODS. He was managing director of Lea and Perrins International based in Worcester and will maintain responsibility for the international division of Imperial Foods.

★

Mr Andrew Houldsworth has been promoted to managing director of ALTERTEXT UK, European distributor of Altertext disk conversion systems. Mr Houldsworth has been with the company for four years, having originally joined as sales manager. He was appointed technical director late in 1986.

★

Mr Martyn Pellew has been appointed sales and marketing director of NFC DISTRIBUTION GROUP, a £160m turnover division of the National Freight Consortium. Mr Pellew will be responsible for all marketing operations of the group and its four constituent companies—SPD, GDL, NFC Contract Distribution, and Alpine. He joins from Ladbroke Group, where he was planning and corporate marketing director of the hotels business.

Mr Martyn Pellew, marketing director of NFC Distribution Group

★

Mr Graham A. Combes has been appointed to the board of G. E. OATLEY (UNDERWRITING AGENCIES).

★

J. H. MINET & CO has appointed Mr Andrew Morrison-Corley as a divisional executive director.

★

PERMA SYSTEM, a member of Swedish Turnils Group, has made board changes as part of a company reorganisation. The new team of directors comprises Mr Peter Flatter, managing, Mr Trevor Hicks, sales, and Mr David Pickup, commercial, joined by Mr Hermann Hammacher, representing Group, and with Mr Ken Powell as non-executive chairman. Mr Powell founded the company in 1963.

★

A northern businessman who was "in on the ground floor" of innovation when North Sea oil exploration began has been appointed by the NORTHERN DEVELOPMENT COMPANY as director of the offshore unit charged with encouraging development of the region's specialist offshore oil capabilities. Mr Peter Edwards takes up his new duties on September 1 and will be based at NDC's Stockton-on-Tees office. Following an Army career, Mr Edwards moved into engineering with Smiths Dock in Cleveland, co-founded by his great-grandfather, and became a director. There he won orders for Britain's first oil rigs to see service in the North Sea. His next move was to Sheffield where he became chairman of the steel division of Dunford and Elliott. Currently he is a non-executive director of Hunting Petroleum and regional director of Granville and Co, merchant bankers.

★

Mr Philip Mendonca has been appointed finance director of POWER EQUIPMENT, a Halma security and office technology division subsidiary. He was group accountant at Halma.

★

On August 1, Mr Bernd Linke, managing director of Reevecrest Health, formed REEVECREST HEALTHCARE, of which Mr Ian McCorquedale has been appointed non-executive chairman. The company will control Reevecrest Health and the newly-acquired Health & Happiness Club. Reevecrest Health was acquired by Mr Linke, former managing director of DSL, from Portman Health Group—healthcare division of Guinness—four months ago.

★

Mr Terence Franklin has joined the board of BURSON-MARSTELLER in London. He will also be a member of the executive committee, and will take special responsibility for corporate public relations services.

★

Mr Colin I. Cooke has joined the board of ASH & LACEY as a non-executive director from September 1. He is a metallurgist, a director of Magnetic Materials Group, and is on the board of the Welsh Development Agency.

★

Mr James Newman has been appointed group finance director and company secretary of WATMOUGHS (HOLDINGS), Bradford. He was finance director of Berisfords Group. The appointment will enable Mr Colin Maughan, deputy chairman, who was finance director and company secretary, to devote more time to corporate development.

Mr James Newman, group finance director of Watmoughs (Holdings)

McAlpine disappoints City with 19% halfway fall

Alfred McAlpine, the construction, minerals and homes group, produced interim pre-tax profits well below City expectations and 19 per cent lower than last time at £5.7m.

Mr Robert McAlpine, chairman, said the fall was not significant because since the sale of the group's South African interests most of its profits were earned in the second half.

The board was pleased with the progress of the group's American operations in mineral extraction and housebuilding, which had been augmented this year by the acquisition of Blythe Industries, a North Carolina based construction and asphalt producing company.

The construction division, which accounts for half of the group's profits, had improved its forward order position from the previous year.

"Margins, however, still do not reflect the risks and problems the industry has always faced, and it is to be hoped that the better outlook will lead to more sensible profit margins," he said.

There was healthy trading and a favourable outlook in the mineral and housebuilding divisions, while the property division continued to do well.

At the end of June the group had sold its motor trading subsidiary, James Edwards (Chester) to a subsidiary of Allied Lyons, because the board considered motor trading was not a core activity and that the sale proceeds could be better used elsewhere.

Robert McAlpine, chairman: fall "not significant"

The wet weather in the UK affected many of the group's companies, and the Eastern Seaboard of the US, where its US companies operate, had an unusually severe winter.

"Despite this, most of our companies continue to predict results that will bear out the group's expectations at the beginning of the year, and I am hopeful that the final result will be satisfactory to shareholders."

Turnover for the six months to April 30 rose from £193m to £225m. After tax of £1.94m (£2.38m), earnings per share fell from 12.8p to 10.2p. Directors have declared an interim dividend of 4.4p (4p).

● comment

Alfred McAlpine's figures were below expectations of some £7.5m, and the shares shed 8p to 554p, 112p below the 1987 peak. That the shares did not decline further suggests City sympathy for the company's argument that the 19 per cent fall in pre-tax profits at the interim stage was of no significance, given that profits are traditionally generated in the second half. Furthermore, the fall in profits is artificially inflated because of non-recurring items credited in the first half last year. Nevertheless, the appalling weather — which has helped depress construction margins to a dispiriting 2.3 per cent in the first half — shows little sign of abating in the present period. And although profits from housebuilding nearly trebled as the company increased its exposure to the South-East, margins are held back by sluggish demand elsewhere. With £29m in sight for the full year, a rise of £3m, the shares are fairly rated on a prospective p/e of 10.

Kenyon buys six more companies for £3m

By Fiona Thompson

Kenyon Securities, funeral directors which purchased seven companies last month, has bought a further six—three coffin manufacturers and three funeral directors—for £3m.

All six companies are based in the south east. The funeral directors, which collectively conduct over 2,000 funerals a year, are W. S. Bond, with six branches in Hammersmith and Ealing; Frederick W. Chitty with two at Weybridge and Walton-on-Thames; and David Silvey, with one at High Wycombe. The coffin manufacturers are Kent Funeral Supplies, H. Tonkin, and Wilmshurst and Dickson. The £3m consideration will be made up of £1m cash and the issue of 430,000 shares.

The latest audited accounts of the six companies show aggregate pre-tax profits of some £120,000.

Kenyon has pursued a policy of acquisition since it joined the USM in December 1983 and, according to Mr Michael Kenyon, the chairman, has bought on average four to five companies a year since. At that time, the company conducted about 5,500 funerals a year; now it exceeded 12,000.

Pavilion Leisure profits advance

In the six months ended April 30 1987 Pavilion Leisure Holdings, which owns the Pavilion Theatre in Glasgow, recorded a turnover of £241,000 and a trading profit of £28,000.

Comparisons for 1986 were £232,000 and £12,000 respectively. The profit included £20,000 (£18,000) of bank interest charged.

The directors said they hoped to secure a profitable share of the business that would be coming to Glasgow through the festival project during next year. Inquiries for the use of the theatre continued at a high level, they said.

They were still determined to project the company into the leisure business outside the theatre.

Phicom's £1m turnround in first six months

A TURNROUND of just over £1m was yesterday revealed in the interim results from Phicom, manufacturer of scientific instruments. Pre-tax profits for the six months ended June 30 were £650,000 compared with a loss of £357,000 for the same period in 1986.

Mr Christopher Bland, chairman, said that the group's life sciences division had had a good first six months, and the outlook for the remainder of the year was encouraging. The group's cash position was strong, with a net £5.4m on deposit at June 30 1987.

During 1986 Phicom sold its interests in the manufacturing and factoring of data communications test equipment and teleprinters, and of enclosures for electronic and allied equipment. This is reflected in a sharp fall from £20.89m to £7.78m in turnover for the period, other activities since sold contributed £14.19m in the corresponding period of the previous year.

Management changes were also made towards the end of June 1987 following the acquisition of the Malaysian-based Magnum Corporation's 61 per cent stake held in the company by Robert Fleming.

Tax took £127,000 (£20,000) leaving earnings per 10p share of 0.73p basic, and 0.81p fully diluted.

The interim dividend is increased by 50 per cent from 0.2p to 0.3p.

M. Y. sells its pyrotechnic arm

M. Y. Holdings, manufacturer of sports equipment and packaging materials, has sold its pyrotechnic subsidiary, Haley and Weller, for £800,000.

The company is being bought by a new company owned by certain institutional investors and the H & W senior management team.

The disposal is designed to reinforce M. Y.'s long-term strategic objective of developing the group's core packaging and consumer goods activities. The disposal will also reduce group borrowings by about £1.7m.

Consideration will be satisfied by £700,000 in cash by way of a loan note. In 1986 H & W incurred a loss of £98,000 before interest and tax on turnover of £2.01m. At that date it had net assets of £782,000.

CONTRACTS

British trucks for US warehouse

THE Defence Logistics Agency of the US Government—the equivalent of the British Ministry of Defence—has ordered 60 Aisle Rangers from LANSING, part of a total contract valued at "well in excess" of $10m (£6.13m). The trucks are to be installed in an inter-service warehouse complex nearing completion in Mechanicsburg, Pennsylvania. A part of the agreement is that Lansing has also been appointed prime contractor for fitting out of the new warehouse, which is based on the quadrant principle. The trucks will be computer controlled and each has to be adapted to take a printer and communication console. The Aisle Ranger is a mono-masted non-aisle dedicated man-up machine able to lift loads of one tonne or more to 18 metres and above.

★

BRISTOL COMPOSITE MATERIALS ENGINEERING has won a $6m (£3.67m) contract from LTV Missiles and Electronics Group, AM General division to manufacture and supply Kevlar ballistic panels for the Hummer ambulance. AMG had itself won a competitive $1.2bn contract to supply US Army with 55,000 of its multi-purpose Hummer vehicles, which included 3737 armour-protected ambulances.

★

PRESS CONSTRUCTION utilities divison has secured another two-year pipelaying and repair contract with British Gas — this time North Thames Region. Estimated at some £3m per annum, under the new contract, Press will carry out the installation, maintenance and emergency repair of mains and services in West London, Richmond and Mill Hill.

★

The COTSWOLD PIG DEVELOPMENT CO, Rothwell, Lincs, has won a £1m contract to provide breeding stock to Japan. Cotswold, a member of the Nickerson Group of Companies, overcame worldwide competition to clinch the deal with the Marubeni Corporation of Tokyo. Cotswold technicians are currently initiating the genetic programme and will advise on its development. Previously, Marubeni has obtained stock from the domestic market. This year 700 pigs are being supplied from the UK to start up the programme with Cotswold technicians advising on genetics and husbandry.

★

A contract worth £820,000 awarded to RACAL ELECTRONICS PTY, New South Wales, by the Australian Department of Defence, represents the largest single overseas order for Racal-Comsec's CLASSIC remote ground sensor system. The contract is for a number of CLASSIC systems for use with the Australian army. Operator and maintenance training, which will be carried out in Australia, also forms an important part of the contract. Racal-Comset Limited will supply all the systems by the end of 1987, with Racal in Australia being responsible for in-country support and maintenance. CLASSIC—Covert Local Area Sensor System for *Intruder Classification*—is designed to detect an enemy's movements in areas screened by terrain from line-of-sight. CLASSIC is a modular system and in its standard form consists of a number of sensors and a hand-held monitor. Seismic, passive infra-red and other sensor units may be used with each monitor—the sensors being hidden at strategic points up to 7 kilometres away where there is the likelihood of enemy intrusion. Information from the sensors is transmitted to the monitor in bursts of data, where it is decoded and presented on a display showing sensor identification, type and frequency of intrusion. CLASSIC is easily transported and can be deployed by one man, with just one hour of training, says the company.

★

GEC AVIONICS, Rochester, has won a contract to supply an ORION 4400 series automatic test equipment to Japan Airlines. JAL will use the equipment in servicing management systems which are fitted on its Boeing 747 fleet. To be cost-effective, the equipment must itself remain serviceable day and night for many years. ORION has an in-built self-test and repair capability so that, if a defect should occur, it can be put right by JAL's own staff with a minimum of "down time." The order, which will be delivered in December, is understood to be worth about £300,000.

★

FROUDE CONSINE (a Babcock International company) has been awarded a £1.5m contract from Alfa Romeo Avio to provide a turnkey aero engine test facility for its factory near Naples, Italy. Alfa Romeo Avio build, overhaul and test gas turbine engines with licenses from major manufacturers such as General Electric, Pratt & Whitney and Rolls-Royce. This particular test facility is needed to test the General Electric T7000 turbo-shaft and the Pratt & Whitney PW120 turboprop.

★

A term contract estimated at £6m has been awarded to PRESS CONSTRUCTION by British Gas South Eastern. The work will be carried out by Press's utilities division, which will lay, maintain and repair gas mains and distribution services in the Epsom and Crawley areas. About 40 mobile crews (around 140 operatives) will be engaged in the programme, which will be controlled from a new depot near Horsham, with a sub-depot in the Epsom area. The work in Epsom will continue until May 1990 and that in Crawley until May 1989.

★

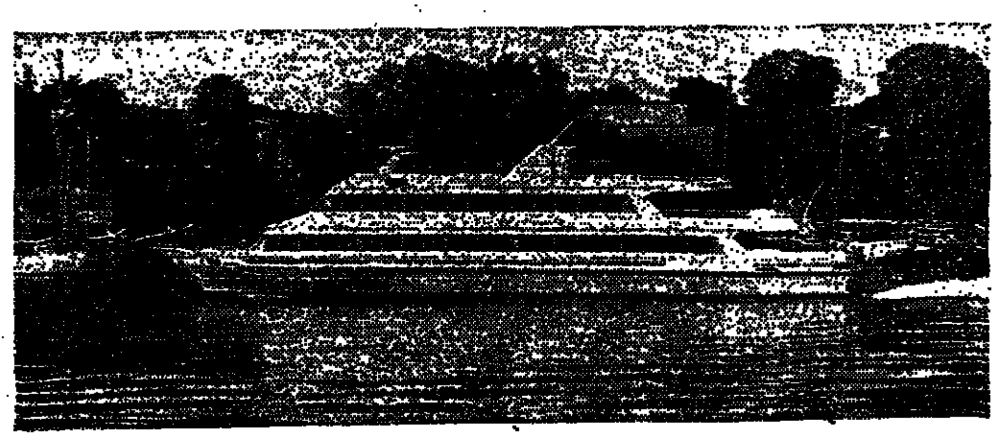
Redland Bricks has appointed ISIS CONSTRUCTION to erect a building for brick manufacture at Warnham, Horsham, Sussex. The project consists of 80,000 sq ft new structure plus 12,500 sq ft refurbishment to existing and associated external works. Contract value £1.8m. Isis has the Ralchem contract for construction of an industrial production building. The project at Faraday Road, Dorcan, has a contract value of £542,000. A fitting-out contract in preparation for client occupation at Kembrey Park totals £500,000. Minor works total £1.75m and include contracts for the RAF in Oxfordshire and alterations to the Sevenhampton MAFF Depot, near Swindon.

★

The LLEWELLYN GROUP is about to start work on three sheltered housing developments, together worth £5m. In Hackney, 30 sheltered units, together with warden's accommodation and ancillary facilities, are to be built for the Sanctuary Housing Association at a cost of £1m. A contract for 57 units of sheltered accommodation at Worthing for Anglia Secure Homes, worth £1.4m, is due to start next month. Llewellyn's staff architects have produced the design for their own development on the seafront at Eastbourne. It contains 61 warden assisted flats which will be available for private sale next year.

★

PORTALS WATER TREATMENT—Permutit-Boby Projects has been awarded two contracts worth a total of £11m by the National Nuclear Council on behalf of the CEGB and the SSEB, to supply active effluent treatment plants to both Heysham 2 and Torness Power Stations.



FAIREY MARINTEKNIK has broken into a new market with its latest order. It has won a £1.5m contract to build a 41 metre, 350-passenger ferry for an operator in Italy. The single-hulled aluminium alloy craft will be built at Cowes shipyard, under cover, fitted out alongside, and delivered during summer 1988. Construction will be to an established Marinteknik design, though the British-built craft will differ from others currently being produced in Sweden (the photograph shows a Swedish sister ship) in having propulsion arrangements capable of driving the craft at speeds of up to 28 knots. Twin diesel engines will power waterjet units. This will be the first large water-powered passenger ferry to be built at Cowes. The double-deck vessels will operate initially on the Naples-Capri route and will improve the service frequency by 50 per cent. "The ferry will effectively do the work of two conventional ships with the added benefit of a high degree of passenger comfort with particularly low noise and vibration levels made possible by the use of waterjet propulsion," says the company. The waterjet units have 30 degrees port and starboard jet deflection and reverse thrust. Steering and reversing buckets are controlled electro-hydraulically from the wheelhouse/bridge. Two auxiliary diesels drive two 30 kVA alternators. The beam is 7.8 metres, draft 1.1 metres, and typical disposable load is 35 tonnes.

COMMODITIES AND AGRICULTURE

Brazil pays up cocoa agreement dues

By Ann Charters in Sao Paulo

BRAZIL has paid its dues and so will be able to participate fully in the September meeting of the International Cocoa Organisation Council in London.

At issue was a $103,000 debt for Brazil's share of operating expenses for the council. Non-payment would have left Brazil, the world's second biggest cocoa producer, been without a vote in a meeting which is to determine the price level to be defended by buffer stock purchases if and when the council's economic provisions are revived.

According to Ceplac, the Executive Commission for Cocoa Crop Planning in Brasilia, the Government paid the debt late last week. The country also paid Nairas 228,000 ($72,000) due for administrative expenses to the Nigerian headquarters of the Alliance for Cocoa Producing Countries.

Brazil has yet to pay about $13m due to the International Cocoa Organisation in levies for exports of cocoa this year.

The country still has a squeeze on hard currency reserves.

Britain's cereals area falls 2%

By John Cherrington

PROVISIONAL results of the British Ministry of Agriculture's June farm census show that the total cereals area was 2 per cent lower than for the previous three years. The wheat area was about the same but barley planting was down 4 per cent. In its place farmers have planted 30 per cent more oil seed rape and there have been massive increases in field beans, over 50 per cent, and peas, 30 per cent.

The dairy herd fell by 3½ per cent but the beef breeding herd showed an increase, the first for 10 years, of 2½ per cent.

The sheep breeding flock increased by nearly 4 per cent and the number of lambs under a year old by 6 per cent, which means about 1m more lambs than last year.

Overall the dairy herd figures are reflecting the impact of milk quotas and the fall in the number of dairy cattle has not been matched by an equivalent increase in beef cattle numbers. Instead farmers seem to have increased their sheep flocks.

The large increases in field beans, peas and oilseed rape have been at the expense of the barley acreage and show farmers have been looking for ways of diversifying out of cereals.

Overall the farm labour force has declined by 2 per cent.

● Weekend storms in many areas of the UK caused further damage to an already poor quality wheat crop and heavy imports of quality wheats are likely to be needed to fill home market deficiencies, millers, merchants and shippers said yesterday, reports Reuters.

UK imports of hard and soft milling wheat could rise to 2.5m tonnes in the current marketing year from 1.2m to 1.3m tonnes in the 1986/87 season to June, some said.

Much of the wheat crop in the principal growing areas of East Anglia, Lincolnshire and Yorkshire has still to be harvested and would have been hit by the storms, they noted.

The quality of the crop in East Anglia had already shown signs of deterioration and millers were pinning their hopes on wheat from further north, the trade sources said.

Chinese grain imports set to top 13m tonnes

BY ROBERT THOMSON IN PEKING

CHINA HAS already signed import contracts this year for around 13m tonnes of grain and more purchases are expected in coming months following the Government's admission that production will be lower than expected.

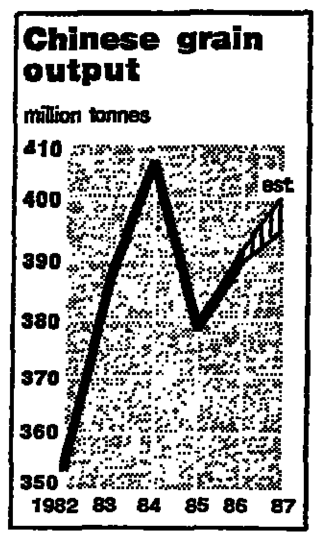
What has accounted for the bulk of the purchases and it is clear that the Chinese Government has decided to build stocks while the world price is low. Wheat imports last year amounted to just over 7m tonnes and, early this year, US diplomats predicted that imports would reach 7.5m tonnes.

However, it is understood that Canadian sales alone are around 7m tonnes, while Australia has sold just over 4m tonnes and the US has sold well over 1m tonnes of subsidised wheat and has more on offer. An Australian Wheat Board official lamented that his country's sales are a record by volume but not by value because "the US Treasury is selling US wheat."

Although Chinese officials are reluctant to admit it, fertiliser imports have also risen by an estimated 50 per cent this year in an attempt to cover a shortfall in local production that has prompted some farmers to turn away from grain production in frustration.

Grain has always been a sensitive political issue in China, and the more conservative members of the Communist Party still measure the country's development by the size of the grain crop each year. Two weeks ago, the official press conceded that the goal of equalling the record output of 407m tonnes in 1984 would not be reached this year.

Even more surprising was the admission that the target of 450m tonnes in 1990 now appears to be out of reach, and that all long-term goals may have to be revised.



The Government now expects 1987 output to be between 395m and 400m tonnes, a revision attributed, in part, to a severe drought in the north—Hebei province is said to have lost 70 per cent of its wheat and cotton harvest.

But the weather is not solely to blame.

Last year, for the first time, growth in farm investment was exceeded by the growth in rural consumer spending, reflecting the lack of confidence of the peasantry in the economic reform programme. Provincial officials also report that peasants are storing more grain, which is another sign of insecurity.

In an attempt to encourage farmers to sell more grain to the state, the Government has announced that it will purchase 10m tonnes of grain at the market price instead of the state-fixed price, which has been about 60 per cent lower this year.

The Government is concerned by increased building on arable land, the slowdown in mechanisation of farming, and the deterioration of farm equipment and irrigation systems. Party leaders realise that farmers have assessed that there is far more money to be made in rural industry than in the fields, and are acting accordingly.

The fall in grain output has been cited as one of the causes of a sudden rise in the inflation rate, which, officially, is running at over 9 per cent in urban areas, and will certainly be an important issue at a crucial Congress of the Communist Party in October.

It is understood that a succession of internal documents have circulated within the senior ranks of the party in recent months warning of the need to ensure that every effort is made to encourage farmers to grow grain. The Government has allowed provinces to devote taxes destined for Peking to assisting grain output, and farmers have been promised discount fertiliser and diesel fuel if they specialise in grain.

While the problem has not yet resulted in the "social chaos" that some conservative communists have said will accompany a grain shortage, the lowering of grain expectations is a serious setback for the party's reformers, who would have preferred to bring a set of favourable figures to the October Congress, which will decide policies designed to carry the country into the 1990s.

Brazil resumes cotton sales

BY RIK TURNER IN SAO PAULO

BRAZIL is back in the cotton exporting business, although its 1987 crop is expected to be about 5 per cent down from last year's level.

According to officials at the Cotton Wholesalers' Union for the state of Sao Paulo exports this year should total some 150,000 tonnes, with deals having been closed on the bulk of that figure during the first half of the year at prices ranging from 45 US cents to 65 cents a pound.

In 1986 Brazilian cotton exports were "negligible," the officials said. Sao Paulo traders explained that the 12-month retail price freeze, part of the Government's anti-inflation package, had resulted in a surge in domestic consumption and heavy importing of cotton.

This year's crop is forecast at 605,000 tonnes, down from 640,000 tonnes in 1986, because of weather and pest problems. But domestic consumption is also expected to fall heavily, from 1986's exceptional figure of 750,000 tonnes to "no more than 640,000 tonnes," according to an official at the union. And the modest current crop deficit will be easily covered by the carryover from 1986, which the official estimated at "470,000 tonnes, made up of imports and cotton which had accumulated over the years."

About 150,000 tonnes of Government-held stocks are about to be auctioned to local industry to ease the domestic supply situation, he added.

For next year, the union is hopeful that there will be an increase in the area planted with cotton.

"The basic stimulus to plant is the guaranteed minimum price for cotton established by the Government, and next year's is certainly better than the price set for 1987," said one local cotton industry expert. Indeed, the domestic market price for the product has risen by some 88 per cent since July and the price now being paid for raw cotton in Brazil is around $10 per 15 kg bundle, double the $5 minimum price guaranteed by the Government for the current crop.

Rains halt Indian price surge

BY R. C. MURTHY IN BOMBAY

THE RETURN OF monsoon rains last week to cotton growing areas of western India has halted the uptrend in Indian cotton prices.

Fears that inadequate rainfall would result in a poor crop had driven prices to dizzy heights, forcing the Government to suspend exports and to order imports of 20,000 tonnes of viscose staple fibre to supplement cotton.

Prices began to advance last October after the Government lowered its estimate of the 1986-87 crop from 11m bales (170 kg each) to 9.5m. The price of dch-32 cotton, an extra long staple variety, more than doubled to Rs4,077 (£190) per quintal in mid-August from Rs1,828 in October.

Mr S. K. Modi, chairman of the Indian Cotton Mills Federation, which represents the country's textile mills, says the 1987-88 crop will be between 7.5m and 8.5m bales — well short of domestic demand, which is estimated at 9.5m bales.

Mr Modi says the Government should arrange for 1m bales of cotton to be imported, plus 100,000 tonnes of viscose staple fibre, "before mills become sick for want of raw material." But the Government would like to wait for a clear picture of the next cotton crop to emerge.

The Cotton Advisory Board, comprising representatives of growers, traders and textile mills, says crop prospects "do not appear too bad," but it has refused to make a forecast on the basis of sowing in some parts of the country. In northern states, where cotton is an irrigated crop, acreage under cotton is higher than in 1986-87 though a precise estimate is not available.

Crop prospects in the western states of Gujarat and Maharashtra have been enhanced by the revival of the monsoon. A firm forecast of the national crop will not be possible, however, until November, when sowing is completed in the southern states of Andhra Pradesh and Tamil Nadu, which depend on north-east monsoon rains.

Deborah Hargreaves on the US trend to extended trading hours

Burning the candle at both ends

TRADERS ON New York's major futures exchanges can look forward to a few bleary eyes in coming months as both the Commodity Exchange and the New York Mercantile Exchange push ahead with plans for evening trading sessions.

Pressure to remain competitive in an increasingly international marketplace has resulted in most of the major US exchanges moving closer to 24-hour trading this year, either extending their hours or by linking with an exchange in another time zone.

The Chicago Board of Trade started the ball rolling in April, when it began trading Treasury-Bond and Treasury-Note futures and options contracts in an additional three-hour session between 6 pm and 9 pm (Chicago time).

It has been the success of this move, as well as increasing competition from exchanges outside the US, that has prompted other exchanges to consider similar steps. The CBOT says it is "delighted" with the resopnse to its evening sessions, where an average of 13,000 to 14,000 contracts are trading per session. But the move toward extended hours is not greeted with universal glee. "I think it's unhealthy," one Nymex local trader commented, insisting that he would not trade at night.

Aside from the physical pressures on traders, particularly locals (traders who operate on their own account), longer hours can be expensive and put a lot of pressures on an exchange's clearing system, which has to be extremely efficient to cope with a further batch of evening orders.

Indeed, Comex, which announced this week that it would apply for regulatory approval for an evening session, had considered trading at night four years ago, but called the project off because of lack of interest amongst its members.

At the time the exchange plumped for a link on its gold futures contract with the Sydney Futures Exchange in Australia, effectively adding up to 13½ hours of gold trading. But since its inception in November last year volume on the Sydney contract has dwindled.

Comex was pressed into reconsidering an extension to its trading hours in response to the announcement by the CBOT that it will trade its rival gold and silver futures contracts at night, starting with its first Sunday night session on September 13.

The Chicago Mercantile Exchange subsequently revealed its plan to add a one and a half hour extension for gold trading on to its trading day which currently ends at 1.30 pm (Chicago time).

Comex is now seeking approval for trade gold and silver on Sunday to Thursday evenings in a session of between two and four hours in length. But a Comex official hedges his bets by stressing that the exchange is not committed to going ahead with it.

The struggle to remain competitive is pushing the exchange communities to press for deeper market penetration, and linking with an overseas exchange is, in theory, a good way of achieving this. But, as one CBOT official puts it, the jury is still out on these links. Success for the partnerships set up between US exchanges and their Far Eastern or European counterparts has been patchy, the link between Simex in Singapore and the CME being a notable exception.

Indeed, one trader at the Philadelphia Stock Exchange, which has been trying to secure a link with the London Stock Exchange for over two years, puts the chances of the floor in Philadelphia staying open all night far higher than the link getting off the ground. There are indeed, some formidable regulatory headaches to be ironed out between two countries before the links can be forged.

Undeterred, however, Nymex is pushing ahead with its talks with London's International Petroleum Exchange on a market link. The move does appear to have considerably greater floor backing than its proposed evening session, but is still in its initial stages.

Whether by linkage or longer hours, most traders seem likely to be working a longer day in future. This is a development that may take its toll on the floor community of local traders, a group in which to be in your mid-thirties is to be considered an old-timer. "I just can't face trading at night," one of them recently lamented.

LONDON MARKETS

LONDON'S COFFEE futures market came to life late in the day when New York's strength spilled over to push prices £24 to £29 higher. Until then business had been slow although some dealers noted a marked increase in optimism about the prospects for a return of export quotas being agreed at the International Coffee Organisation's council session next month. Cocoa prices were also firmer, reflecting sterling's weakness against the dollar and an upturn on the New York market. Underlying sentiment remained fairly bearish, however, on the basis of improved West African crop prospects. Sterling weakness was also a factor in a copper price rally on the London Metal Exchange where Monday's heavy falls were recovered. Dealers said there was also a technical element in the rally, following a general run of substantial falls in the past two weeks. Fundamental factors remained basically sound, they added. Another market to recoup most of Monday's losses was nickel, although market conditions were generally quiet.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1730-40	+30	1715/1705

Official closing (am): Cash —— (——), three months 1735-45 (1695-705), settlement —— (——). Final Kerb close: 1730-40. Ring Turnover: —— tonnes.

99.5% purity	£ per tonne		
Cash	1110-2	+1.5	1120
3 months	1047.5-8	+14.25	1055/1047

Official closing (am): Cash 1119-20 (1100-2), three months 1051-2 (1029-30), settlement 1120 (1102). Final Kerb close: 1052-3. Ring Turnover: 26,625 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1056-7	+38	1052/1050
3 months	1042-2.5	+34	1042.5/1025

Official closing (am): Cash 1048-50 (1030-1), three months 1030-5 (1030-5), settlement 1050 (1031). US Producer prices 81.625-84 cents per lb. Total Ring Turnover 38,975 tonnes.

Standard			
Cash	1052-4	+38.5	1047
3 months	1037-9	+39	—

Official closing (am): Cash 1052-3 (1034.5-5), three months 1038-8.5 (1025-4.5), settlement 1053 (1035). Final Kerb close: 1045-6.

LEAD

Official closing (am): Cash 418-9 (417-8), three months 394-5 (393-4), settlement 1050 (1031). US Producer 392-3. Ring Turnover 12,225 tonnes. US Spot: 42 cents per lb.

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	415-6	+5	419/416
3 Months	393-5	+3.75	399/393

NICKEL

Official closing (am): Cash 3255-60 (3315-20), three months 3275-80 (3315-20), settlement 3260 (3320). Final Kerb close: 3325-35. Ring Turnover 2,088 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3305-10	+47.5	3260
3 months	3320-1	+48	3335/3275

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	502.5-3	+9.75	—
3 months	501-1.5	+8.5	503/499

Official closing (am): Cash 505-6 (492.5-3.5, three months 503-4 (492-2.5), settlement 506 (493.5). Final Kerb close: 501-2. Ring Turnover: 7,025 tonnes. US Prime Western: 47.5-48.5 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,650	—	—	46½	93½
	1,675	68	54½	53	107½
	1,700	56	46	—	—
Copper (Grade A)	1,650	—	—	48	83
	1,675	60	65	57	97
	1,700	48	55½	—	—
	£/tonne				
Copper (Grade A)	1,025	—	—	25½	42½
	1,050	30½	33	36	56
	1,075	21	24	—	—

Estimates.

TIN

KUALA LUMPER TIN MARKET: Close 16.88 (16.86) ringgit per kg. Down 0.18 ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Aug. 25	
Close	$458-458½	(£282½-283)
Opening	$458¼-458¾	(£282¾-282¾)
M'n'g fix	$458.50	(£282.449)
Aft'n'n fix	$458.00	(£282.316)
Day's high	$459¼-459¾	—
Day's low	$457¼-457¾	—

GOLD AND PLATINUM COINS		
Am Eagle	$470-475	(£290¼-293¼)
Mapleleaf	$471-474	(£291¼-293)
Kr'g'r'nd	$457-460	(£282½-284¼)
½ Krug	$238¾-239¾	(£147¼-148¼)
¼ Krug	$120-121	(£74¼-74¾)
Angel	$469-472	(£289¾-291¾)
1/10 Angel	$48½-50½	(£28¼-31¼)
New Sov.	$107½-108½	(£66½-67)
Old Sov.	$107½-109	(£66½-67)
Noble Plat.	$621-631	(£383¾-390)

JUTE

JUTE—August/September c and f Dundee BTC $540, BWC $530, BTD $465, BWD $455; c and f Antwerp BTC $500, BWC $480, BWD $425, BTD $435.

INDICES

REUTERS

Aug. 25	Aug. 24	M'th ago	Year ago
1660.5	1655.4	1620.7	1468.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 24	Aug. 21	M'th ago	Year ago
Spot	128.85	128.64	—	117.27
Fut	130.30	130.06	—	118.89

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 25 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1820/840	—5	$1710/750
Copper			
Cash Grade A	£1056.5	+38	£1075.5
3 months	£1042.25	+34	£1056.5
Gold Troy oz	$458.25	—1.5	$455.75
Lead Cash	£416.5	+5	£390.5
3 months	£394.00	+3.75	£363.5
Nickel			
Free Mkt	240/260c	—3	221/241c
Palladium oz	$138.75	—1.10	$144.50
Platinum oz	$597.75	—3.50	$598.50
Quicksilver†	$275/285		$236/245
Silver troy oz	477.00p	+9.40	483.75p
3 months	489.20p	+9.50	494.90p
Tin			
free Mkt	£4190/220	—20	£4020/050
Tungsten	$53.25		$53.69
Wolfram 22.0lb	$43/55		$48/55
Zinc	£502.75	+9.75	£496
3 months	£501.25	+8.5	£491.5
producers	$860		$860
OILS			
Coconut (Phil)	$490x		$440
Palm Malayan	$320y		$300
Seeds			
Copra (Phil)	$320t	+5	$285
Soyabean (U.S.)	$148.5x	—0.5	$154
GRAINS			
Barley Fut. Nov.	£101.60	+0.30	£100.05
Maize	‡		£161.00
Wheat Fut. Nov.	£104.95	+0.55	£101.50
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1308	+10.5	£1291.5
Coffee Ft. Nov	£1311	+29	£1232.5
Cotton A Ind.*	66.65c	—0.84	64.65c
Gas Oil Oct.	$152.25	+3.75	$165.25
Rubber (kilo)	70.25p	+1.75	69.75p
Sugar (raw)	$147u	—7.8	$152.4
Wooltops 64s	545p kilo	—5	479p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. T Sept. u Sept-Oct. y Nov.

SILVER

Silver was fixed 9.4p an ounce higher for spot delivery in the London bullion market yesterday at 477p. US cent equivalents of the fixing levels were: spot 775c, up 13.5c; three-month 788.45c, up 13.4c; six-month 803c, up 13.85c; and 12-month 832.6c, up 14.8c. The metal opened and closed at 476-477½p (773-776c).

SILVER

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoff'l	+ or —
Spot	477.00p	+9.40	759.5c	—8.5
3 months	489.20p	+9.50	784.5c	—5.5
6 months	502.20p	+10.5	—	—
12 months	525.80p	+10.7	—	—

LME—Turnover: 4 (0) lots of 10,000 oz.

Three months high/low 788.5c, final kerb 782-5c.

COFFEE

Robustas staged a late short-covering rally to test the recent highs of the established range, reports Drexel Burnham Lambert. After trading in very quiet conditions during the morning, values rose under the influence of a steady New York market. Arbitrage profit-taking and further price-fixing eventually absorbed overhead trade selling, prompting a short-covering rally towards the close.

COFFEE	Yesterday close	+ or —	Business done
Sept	1278-1280	+23.5	1280-1253
Nov	1310-1312	+29.0	1316-1284
Jan	1337-1340	+36.5	1340-1308
Mar	1353-1358	+26.5	1350-1333
May	1375-1377	+19.5	1375-1357
July	1392-1396	+20.0	1392-1383
Sept	1410-1420	+18.5	—

Sales: 4,469 (2,064) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 24: Comp. daily 1979 98.20 (97.67): 15-day average 96.81 (96.62).

COCOA

Futures fluctuated in a £14 range and in good volume of trade ended an active day near the highs. Physicals failed to exert the same influence and business was sparse and limited to light second-hand interest, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Sept	1257-1258	+6.0	1264-1252
Dec	1301-1303	+10.5	1305-1291
March	1331-1332	+6.0	1335-1321
May	1353-1354	+7.0	1355-1345
July	1374-1375	+10.0	1376-1365
Sept	1393-1394	+11.5	1394-1383
Dec	1415-1416	+10.5	1416-1405

Sales: 5,158 (2,829) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for August 25: 1596.89 (1600.02); 10-day average for August 28: 1591.03 (1590.06).

FREIGHT FUTURES

Confirmation of a Gulf/Japan fixture at $16.00 saw the market open sharply lower and contributed to the BFI coming in 8 points lower. Selling was prevalent throughout the day but support in the form of profit-taking at the lower end of he day's range, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1077	1100/1075	1120
Jan.	1081	1100/1060	1123
Apr.	1135	1140/1130	1160/1185
July	1010/1020	1015	1020/1050
Oct.	1080/1100	—	1110
Jan.	1090	—	1100
April	1167.5	—	1175
BFI.	1119.5	—	1127.5

Turnover: 551 (490).

GRAINS

Wheat reacted to a nil first-day tender figure reaching £1.75 up before easing on short-term profit-taking. Barley found shipper support against consumer selling to close with sellers still evident, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or —	Yest'rdy's close	+ or —
Sep.	104.75	+1.99	98.65	+0.28
Nov.	104.95	+0.55	101.60	+0.30
Jan.	107.10	+0.19	104.10	+0.19
Mar.	109.95	+0.05	106.80	+0.25
May	112.50	+0.09	109.35	—0.19
July	114.50	+0.10	—	—

Business done—Wheat: Sept 105.80-4.75, Nov 105.25-4.95, Jan 107.85-7.10, March 110.50-9.95, May 112.95, July 115.00-4.50. Sales: 518 lots of 100 tonnes. Barley: Sept 98.65, Nov 101.75-1.40, Jan 104.35-4.00, March 106.75-6.80, May untraded. Sales: 149 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 96.20, S. West 98.30, W. Mids 93.30, N. West 93.70. The UK monetary coefficient for the week begining Monday August 31 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: US dark northern spring No 2 14 per cent Sept 93.75, Oct 95.75, Nov 97.25. US No 2 soft red winter Sept 89.75, Oct 91.50, Nov 93.50. French 11½-12 per cent Sept 131.00 nominal. English feed fob Oct/Dec 106.75, Nov 108.25, Oct/June 112.25 paid east coast, Sept 106.50 sellers, Oct/Dec 108.50, Jan/March 112.50 value, April/June 115.50-116.00 buyer/sellers. Maize: unquoted. Barley: English feed Sept 102.00, Oct/Dec 107.00, Jan/March 111.00 sellers.

POTATOES

Overnight news that a farm in Suffolk had been placed under quarantine due to Rhizomania together with poor weather conditions had an immediate firming influence on futures. April opened £2.10 up and traded a further £2.00 higher before any serious resistance was felt at £13.00. Selling interest here caused a £1.00 retracement by lunch but prices recovered in the afternoon to register gains of over £5.00 on the day, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	91.00	89.50	91.50-90.00
Feb.	100.00	98.50	—
March	84.00	85.50	84.00
Apr.	133.10	128.90	134.30-131.00
May.	146.40	141.30	147.00-145.00

Sales: 1,087 (490) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.80-15.85	+0.30
Brent Blend	17.60-17.70	+0.175
W.T.I. (1pm edt)	19.35-19.45	+0.50
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe
Prompt delivery cif ($ per tonne)

Premium gasoline	161-164	+1
Gas Oil	150-152	+2
Heavy fuel Oil	92-94	+1
Naphtha	155-158	+0.5

Petroleum Argus estimates

SOYABEAN MEAL

A stronger dollar inspired early professional buying but commercial selling again prevented any real strength. A lacklustre Chicago market eased prices from the highs, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	125.5-125.8	+0.40	124.0-123.5
Dec.	125.5-125.8	+0.40	124.0-123.5
Feb.	126.2-126.7	+0.45	—
April	126.5-126.7	—0.35	—
June	123.5-124.5	+0.25	—
August	123.0-124.0	—	—
October	121.0-126.0	—	124.0

Sales: 83 (114) lots of 20 tonnes.

US MARKETS

PRECIOUS METALS and crude oil tended to consolidate, reports Drexel Burnham Lambert. The metals eased under long-liquidation and profit-taking coupled with local selling. The trade was a noted buyer at the lows. Crude oil opened on a strong note, but fell as the trade emerged as an early seller, to be joined by local sellers. As the market failed to fall any further, some traders covered short-positions as prices recovered. Copper fell sharply as fund, commission house and local selling touched off stops, but trade support prompted short-covering in what was described as a choppy session. Coffee rallied sharply as good trade and fund buying touched off commission house stops and short-covering as the market penetrated major resistance levels.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lbs

	Close	Prev	High	Low
Aug	79.00	78.50	—	—
Sept	79.00	79.50	79.00	79.00
Oct	77.85	78.35	—	—
Dec	77.75	78.00	79.00	76.50
Jan	76.80	77.05	—	—
March	75.20	75.50	—	—
May	71.15	71.40	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1966	1970	1978	1956
Dec	1977	1981	1994	1960
March	2000	2004	2008	1982
May	2023	2030	2028	2010
July	2046	2053	2042	2036
Sept	2066	2074	2063	2053
Dec	2096	2101	2088	2076

COFFEE "C" 37,500 lbs, cents/lbs

	Close	Prev	High	Low
Sept	111.40	104.50	112.00	105.00
Dec	114.37	108.80	115.25	109.00
March	117.40	112.74	118.50	113.90
May	119.50	114.63	120.50	115.00
July	121.75	116.00	119.00	116.70
Sept	118.75	116.75	—	—
Dec	120.50	119.50	—	—

COPPER 25,000 lbs, cents/lbs

	Close	Prev	High	Low
Aug	75.30	76.50	—	—
Sept	75.00	76.05	76.15	74.90
Oct	74.55	75.55	—	—
Dec	73.75	74.65	74.65	72.50
Jan	73.25	74.05	74.00	74.00
March	72.35	73.15	73.25	72.30
May	71.95	72.70	72.85	72.00
Sept	71.65	72.35	72.50	72.25
Dec	71.90	72.35	72.60	72.00

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	78.10	78.75	79.80	78.05
Dec	77.78	78.43	78.89	77.75
March	78.87	79.47	79.95	78.82
May	79.31	79.90	80.45	79.25
July	79.40	79.82	80.05	79.25
Oct	71.65	72.13	72.10	72.10
Dec	69.05	69.20	69.40	69.00

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	Prev	High	Low
Oct	18.64	18.60	18.68	18.58
Nov	18.65	18.59	18.79	18.51
Dec	18.59	18.56	18.81	18.55
Jan	18.61	18.59	18.84	18.59
Feb	18.66	18.59	18.88	18.62
March	18.69	18.63	18.93	18.67
April	18.68	18.65	18.89	18.69
May	18.74	18.67	18.86	18.70
June	18.74	18.69	18.91	18.74

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Aug	457.0	460.7	458.5	458.8
Sept	457.7	461.3	—	—
Oct	460.3	463.8	463.0	458.3
Dec	465.3	469.3	468.2	463.7
Feb	471.4	475.8	473.7	469.0
April	477.1	480.7	476.7	476.5
June	483.0	486.6	—	—
Aug	489.2	492.8	488.0	488.0
Oct	495.6	499.3	495.7	495.7
Dec	502.0	505.7	—	—
Feb	508.7	512.4	—	—
June	522.6	526.3	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
August	599.4	607.0	—	—
Oct	604.4	612.5	610.0	602.0
Jan	612.2	620.3	617.0	610.0
April	619.9	627.8	624.0	618.5
July	627.4	635.3	631.5	631.5
Oct	635.0	642.9	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Sept	49.18	49.00	49.50	48.95
Oct	49.66	49.40	50.20	49.45
Nov	50.40	50.13	50.80	50.15
Dec	51.35	51.02	51.60	51.05
Jan	52.06	51.75	52.30	51.85
Feb	52.45	52.15	52.70	52.40
March	51.75	51.15	52.00	51.75
April	50.80	50.25	—	—
May	50.00	50.35	50.30	49.70
June	49.50	48.85	49.50	49.30

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	Prev	High	Low
Sept	128.60	129.35	130.40	128.30
Nov	127.45	127.40	127.80	127.20
Jan	128.70	128.90	128.75	128.00
March	127.00	127.00	127.50	127.00
May	127.50	127.50	—	—
Sept	127.70	127.70	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Aug	788.2	788.4	—	—
Sept	789.0	779.6	778.5	784.0
Oct	783.9	784.4	—	—
Dec	784.0	784.6	784.0	789.0
Jan	788.4	798.1	—	—
March	799.0	808.7	800.0	789.0
May	808.4	820.2	818.0	801.0
July	820.3	831.2	—	—
Sept	831.7	842.6	—	—

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close	Prev	High	Low
Sept	5.20	5.37	5.35	5.20
Oct	5.63	5.72	5.74	5.53
Jan	6.00	6.19	—	—
March	6.50	6.60	6.60	6.42
May	6.67	6.79	6.77	6.63
July	6.84	6.94	6.93	6.80
Oct	7.11	7.21	7.17	7.00
Jan	7.45	7.55	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	65.02	65.15	65.45	64.85
Dec	66.22	66.45	66.57	66.12
Feb	66.15	66.02	66.47	66.02
April	67.10	67.02	67.50	67.00
June	66.55	66.47	66.65	66.50
August	65.30	65.15	65.50	65.00
Oct	64.60	64.60	64.70	64.60

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Oct	50.42	50.77	51.07	50.37
Dec	48.47	48.97	49.15	48.45
Feb	46.77	47.20	47.32	46.70
April	43.25	43.45	43.70	43.30
June	44.70	44.70	44.80	44.55

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
Sept	158.0	158.0	159.2	157.0
Dec	168.2	167.6	168.0	166.6
March	178.0	177.6	178.2	176.4
May	183.4	182.6	183.4	181.6
July	185.5	185.0	185.6	184.6
Sept	186.0	185.2	186.0	185.6
Dec	191.6	191.2	192.0	191.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	65.85	67.85	68.15	65.85
March	65.32	67.32	67.75	65.32
May	66.00	67.47	67.15	66.00
July	65.65	66.47	66.25	65.65
July	66.47	65.77	66.47	65.20

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
Sept	513.4	513.0	515.0	511.4
Nov	510.0	508.6	511.6	508.6
Jan	515.4	514.2	517.0	512.4
March	521.4	520.4	523.0	518.0
May	527.4	524.2	528.0	523.2
July	527.4	523.6	529.0	523.4
Sept	519.4	515.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
Sept	156.9	157.8	157.5	156.3
Oct	154.4	155.1	156.0	154.0
Dec	154.0	153.7	154.5	153.1
Jan	153.7	154.0	154.5	153.0
March	153.5	154.5	154.5	152.8
May	153.0	154.0	154.0	153.0
July	153.1	153.5	154.0	153.0
August	152.7	153.0	152.5	153.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
Sept	16.19	15.91	16.25	15.85
Oct	16.36	16.15	16.40	16.03
Dec	16.67	16.48	16.77	16.38
Jan	16.78	16.61	16.92	16.55
March	17.10	16.85	17.21	16.82
May	17.35	17.05	17.45	17.15
July	17.50	17.20	17.50	17.10
Sept	17.56	17.27	17.56	17.27

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
Sept	275.4	273.6	276.6	272.0
Dec	280.0	288.6	291.0	287.0
March	297.0	295.6	297.4	294.0
May	294.4	294.2	295.0	292.4
July	282.4	282.4	282.4	281.0
Sept	86.0	288.0	—	—

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 763.0 (773.5) cents per troy ounce. New York tin 315-318 (317-318) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar $147.00 (£90.80), down $7.80 (down £4.60) a tonne for Sept-Oct delivery. White sugar $181.60, down $3.40.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	128.5-128.8	—	130.0-124.6
Dec	156.0-156.0	157.4-159.2	157.4-157.0
Mar.	145.4-145.8	148.0-148.2	147.6-144.2
May	148.8-148.8	152.8-152.4	—
Aug.	155.8-154.0	156.0-155.6	155.8
Oct.	157.6-158.8	160.8-160.6	158.8
Dec	159.5-165.0	162.8-166.8	—
No. 5 Whites			
Oct.	177.2-178.4	180.0-181.6	181.0-177.5
Dec	178.0-180.2	181.0-182.5	180.6-177.0
Mar.	184.5-186.0	187.0-188.0	187.5-184.0
May	188.0-189.0	190.6-191.6	191.2-187.5
Aug	192.0-193.5	194.5-196.4	194.0-192.8
Oct.	195.5-198.0	199.4-200.6	193.0
Dec	198.0	201.0-203.6	—

Sales: No 6 3,013 (3,364) lots of 50 tonnes; No 5 3,652 (4,488).

Tate & Lyle delivery price for granulated basis sugar was £195.00 (£200.00) a tonne for export.

International Sugar Agreement (US cents per pound fob and stowed Caribbean ports): Prices for August 24: Daily price 5.52 (5.68); 15-day average 5.71 (5.72).

PARIS—(FFr per tonne): Oct 1083/1085, Dec 1088/1094, Mar 1130/1135, May 1162/1170, Aug 1134/1200, Oct 1222/1230.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or —	Business done
	US$ per tonne		
Sept.	151.25	+5.25	152.50-50.50
Oct.	152.25	+3.75	155.25-50.50
Nov.	153.25	+2.75	154.75-52.75
Dec.	155.50	+3.30	156.25-54.50

Turnover: 6,310 (8,513) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.22p per kg lw (−0.58). GB—Sheep 152.48p per kg est dcw (+1.13). GB—Pigs 67.49p per kg lw (−4.67).

FUTURES—Live cattle: Oct 95.00, sales 2.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.25p (69.50p); Oct 69.00p (68.00p); Nov 69.25p (69.25p). The Kuala Lumpur fob prices (Malaysia/Singapore cents) per kg was RSS No 1 284.5 (283.0); SMR 20 233.5 (231.5).

FOREIGN EXCHANGES

Dollar quietly firmer

THE DOLLAR was confined to a relatively narrow range in currency markets yesterday, having opened firmer on overnight levels after reports of intervention in Tokyo by the Bank of Japan.

Fears of central bank activity prompted a rash of short covering in the Far East but there was little incentive to start a fresh trend in London. Most of the dollar's volatility has been confined to Far East and US markets.

News of a 1.5 per cent fall in US durable goods orders was offset by a rise in the non defense element of 1.6 per cent. Comments by Japanese and US officials which suggested that currency markets would not be allowed to establish a level for the dollar without the possibility of central bank intervention and that a lower dollar would not necessarily be the only requirement for a narrowing in the US trade deficit tended to make speculators nervous about taking positions. As a result the US unit showed little change from opening level.

The dollar closed at DM 1.8230 from DM 1.8160 and Y143.20 compared with Y141.95. Elsewhere it finished at SFr 1.5035 from SFr 1.4955 and FFr 6.0950 compared with FFr 6.0725. On Bank of England figures, the dollar's exchange rate index rose to 101.4 from 101.1.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index 72.2 down from 72.4 at the opening and 72.7 on Monday. The six months ago figure was 68.4.

Sterling failed to attract any support ahead of the long weekend and next week's trade figures. Lower oil prices also undermined sentiment. The pound closed at $1.6185 down from $1.6310 and DM 2.95 compared with DM 2.9625. It was slightly higher against the yen at Y231.75 from Y231.50 but slipped to SFr 2.4325 from SFr 2.44 and FFr 9.8650 from FFr 9.9050.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. July average 1.8489. Exchange rate index 146.6 against 148.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8205 from DM 1.8238 on Monday. Once again trading was confined to a narrow range although the dollar tended to ease from overnight levels. Comments by Mr Martin Bangemann, West Germany's economic minister, suggesting that the dollar should stay within a range of DM 1.80 to DM 2.00 to help West German exports were largely ignored.

Dealers pointed out that a more relevant level for the dollar was likely to be one that gave some assistance towards boosting US exports.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.25. July average 150.25. Exchange rate index 223.2 against 209.0 six months ago.

Further intervention by the Bank of Japan depressed the yen against the dollar in Tokyo. The US unit had closed at Y141.90 in New York but moved up sharply to a high of Y143.30 in Tokyo before settling back to close at Y142.90 compared with Y142.65 on Monday.

Further comments by Mr Kiichi Miyazawa, Japan's Finance Minister, warning that he would not leave currencies unchecked tended to contradict his earlier statements but nonetheless encouraged short covering in the light of the central bank's operations.

Despite all this the dollar's undertone remained bearish and many traders still expected a further downward correction.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0558	+1.41	+0.82	± 1.5344
Danish Krone	7.85212	7.96663	+1.46	+0.87	± 1.6404
German D-Mark	2.05853	2.07137	+0.62	+0.03	± 1.0981
French Franc	6.90403	6.92696	+0.33	−0.26	± 1.3674
Dutch Guilder	2.31943	2.33556	+0.70	+0.11	± 1.5012
Irish Punt	0.768411	0.774337	+0.77	+0.18	± 1.6684
Italian Lira	1483.58	1500.29	+1.13	+1.08	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

August 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6165-1.6265	1.6180-1.6190	0.46-0.43c pm	3.30	1.33-1.28 pm	3.23
Canada	2.1345-2.1427	2.1350-2.1360	0.21-0.11c pm	0.90	0.65-0.53 pm	1.11
Netherlands	3.32-3.33¾	3.32-3.33	1½-1¼c pm	4.96	4¼-4c pm	4.96
Belgium	61.26-63.00	62.90-63.00	22-16c pm	3.62	59-54 pm	3.59
Denmark	11.33½-11.38¾	11.34-11.35	⅛ pm-⅝ ore dis	−0.40	par-⅛	−0.13
Ireland	1.1025-1.1075	1.1040-1.1050	0.08 pm-0.01 dis	−0.38	0.19 pm-0.01dis	−0.33
W. Germany	2.94½-2.95¾	2.94½-2.95½	1⅝-1½pf pm	6.36	4⅝-4¼ pm	6.10
Portugal	231.05-232.79	231.05-232.00	73-113 c dis	−4.82	228-311 dis	−4.66
Spain	198.21-199.38	198.21-198.65	86-118c dis	−6.17	197-246 dis	−4.47
Italy	2133¾-2144¼	2135½-2136½	7-8lire dis	−4.21	16-19dis	−3.28
Norway	10.81½-10.90¼	10.83½-10.84½	3⅞-4¼ore dis	−4.22	10¼-11⅛ dis	−3.94
France	9.85¼-9.90¼	9.86-9.87	1⅞-1¼c pm	2.05	4¼-4⅛pm	1.70
Sweden	10.33½-10.37½	10.33¾-10.34¾	1⅛-⅝ ore pm	1.02	3-2⅞ pm	1.04
Japan	231¼-232¼	231¼-232¼	1⅞-1⅝ y pm	6.47	3⅝-3½ pm	6.15
Austria	20.73-20.82	20.73-20.76	10⅝-9¾ gro pm	5.89	31-29⅝ pm	5.80
Switzerland	2.42¾-2.43¾	2.42¾-2.43¾	1½-1⅜ c pm	7.09	4-3⅞ pm	6.47

Belgian rate is for convertible francs. Financial franc 61.70-61.80. Six-month forward dollar 2.64-2.59 c pm. 12-month 4.55-4.45 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6165-1.6265	1.6180-1.6190	0.46-0.43c pm	3.30	1.33-1.28 pm	3.23
Ireland†	1.4640-1.4720	1.4660-1.4670	0.28-0.23c pm	2.09	0.94-0.82 pm	2.40
Canada	1.3165-1.3210	1.3190-1.3200	0.23-0.26c pm	2.23	0.66-0.69pm	2.05
Netherlands	2.0465-2.0590	2.0545-2.0555	0.29-0.26c pm	1.61	0.88-0.85pm	1.68
Belgium	37.75-38.87	38.85-38.95	2pm-par	0.32	6-1pm	0.37
Denmark	6.98¾-7.02¾	7.00¾-7.01¼	1.15-1.85ore dis	−2.57	4.20-4.90 dis	−2.60
W. Germany	1.8150-1.8245	1.8225-1.8235	0.47-0.44pf pm	3.00	1.40-1.35pm	3.02
Portugal	143-143½	143-143¼	85-115c dis	−8.41	260-310 dis	−7.99

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.30-38.20.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: Two years 8⅝-8¾ per cent; three years 8⅞-9 per cent; four years 9⅛-9¼ per cent; five years 9¼-9⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
DM	0.339	0.549	1.	78.56	3.344	0.825	1.127	724.1	0.724	21.34
YEN	4.315	6.984	12.73	1000.	42.57	10.50	14.35	9217.	9.215	271.6
F Fr.	1.014	1.641	2.990	234.9	10.	2.466	3.371	2165.	2.165	63.81
S Fr.	0.411	0.665	1.213	95.27	4.055	1.	1.367	878.1	0.878	25.88
H Fl.	0.301	0.497	0.887	69.70	2.967	0.732	1.	642.4	0.642	18.53
Lira	0.468	0.758	1.381	108.5	4.618	1.139	1.557	1000.	1.000	28.47
C $	0.468	0.758	1.381	108.5	4.620	1.139	1.557	1000.	1.	29.48
B Fr.	1.589	2.571	4.686	368.1	15.67	3.864	5.282	3393.	3.392	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

OTHER CURRENCIES

	£	$
Korea(Sth)	1311.90-1323.80	804.20-810.80
Kuwait	0.46620-0.46690	0.28810-0.28830
Luxembourg	62.90-63.00	38.85-38.95
Malaysia	4.0863-4.0970	2.5200-2.5215
Mexico	2397.00-2406.00	1478.00-1482.00
N. Zealand	2.6860-2.6910	1.6550-1.6565
Saudi Ar.	6.0870-6.0910	3.7500-3.7505
Singapore	3.4160-3.4190	2.1070-2.1080
S. Af. (Cm)	3.3345-3.3505	2.0585-2.0575
S. Af. (Fn)	5.6445-5.8475	3.4785-3.6035
Taiwan	48.95-49.20	30.05-30.15
U.A.E.	5.9605-5.9660	3.6725-3.6775

*Selling rate

MONEY MARKETS

Firmer tone

THERE WAS a firmer tone to interest rates on the London money market yesterday, as sterling lost ground on the foreign exchanges against a background of the recent easing of North Sea oil prices.

Trading was quiet, but nervous ahead of next week's UK trade figures. A small current account deficit is generally expected in July, little changed from the June shortfall of £168m.

This may not lead to any early pressure for another rise in UK bank base rates, but in the absence of good news dealers suggested that a series of trade deficits and an expansion in credit growth means the next base rate move is likely to be up.

UK clearing bank base lending rate 10 per cent since August 7

Three-month interbank rose to 10⅛-10¹⁄₁₆ per cent from 10¼-10⅛ per cent, while one-year money firmed to 10¹³⁄₁₆-10¹¹⁄₁₆ per cent from 10⅝-10½ per cent.

The Bank of England initially forecast a money market shortage of £250m, but revised this to £150m at noon.

Total help of £162m was provided. Before lunch the authorities bought £137m bills outright, by ways of £100m Treasury bills in band 4 at 9⅝ per cent and £37m bank bills in band 4 at 9⅝ per cent.

The authorities did not operate in the market in the afternoon, but provided late assistance of around £25m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £268m, with bank balances below target absorbing £115m. These outweighed Exchequer transactions adding £95m to liquidity and a fall in the note circulation of £35m.

In Frankfurt the West German Bundesbank added liquidity to the banking system by accepting bids of DM 8.1bn at a 15-day securities repurchase agreement tender, at a fixed rate of 3.6 per cent. The central bank met 32 per cent of the DM 25.2bn bids.

In Rome the Bank of Italy gave assistance to banks through a repurchase agreement on Treasury bills and certificates. The offer of L5,500bn was fully subscribed at an average weighed acceptance rate of 12.89 per cent, compared with 13.13 per cent on a smaller offer two weeks ago. Bids totalled 32, of which 21 were met in full and four in part. Half the bills and certificates will be resold to banks on September 1 and half on September 11.

In Madrid the Bank of Spain cut its overnight assistance rate to 17.5 per cent from 17.625 per cent. The assistance rate is the nearest equivalent Spain has to a discount rate and is regarded as a key instrument of central bank policy. The reduction in the rate the central bank lends funds to commercial banks was the second this month.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 25) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅞	offer 7	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8.25
Broker loan rate	7.75
Fed. funds	6⅝
Fed funds at intervention	6¾

Treasury Bills and Bonds

One month	5.44	Three year	8.03
Two month	6.11	Four year	8.19
Three month	6.41	Five year	8.31
Six month	6.57	Seven year	8.56
One year	7.02	10 year	8.75
Two year	7.76	30 year	8.96

August 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.65-3.75	3.80-3.95	3.80-3.95	3.85-4.00	4.10-4.25	5.0
Paris	7⅛-7¼	7½-7⅝	7¼-7⅞	7⅞-8	8¼-8⅜	7½
Zurich	⅞-1⅛	3-3¼	—	3⅝-3⅞	—	—
Amsterdam	4⅞-5	5⅛-5¼	—	5¼-5⅜	—	—
Tokyo	3.28125	3.65625	—	3.71875	—	—
Milan	11-11½	12⅛-12⅝	—	12¼-12¾	—	—
Brussels	3.80	6½-6½	—	6⅝-6¹¹⁄₁₆	—	—
Dublin	8⅞-9	9⅛-9⅞	9½-9⅞	9¾-10	10⅛-10⅜	—

LONDON MONEY RATES

Aug. 25	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-7	9¹³⁄₁₆-9¾	9⅞-9¾	10⅛-10¹⁄₁₆	10⅝-10⅜	10¹³⁄₁₆-10⅝
Sterling CDs	—	—	9⅞-9¾	10⅛-10¹⁄₁₆	10⅜-10⅛	10⅜-10⅝
Local Auth'rity Deps.	10	9¹³⁄₁₆	9⅞	10¼	10½	10¹³⁄₁₆
Local Authority Bonds	—	—	9⅞	10¼	10½	10¾
Discount Mkt Deps.	10-7	9¹³⁄₁₆	9½	9¾	—	—
Company Deposits	9¾	9¾	9¹³⁄₁₆	10¼	10⅜	10¾
Finance House Deposits	—	—	9⅞	10⅜	10⅝	10¹³⁄₁₆
Treasury Bills (Buy)	—	—	9¹¹⁄₁₆	9⅞	—	—
Bank Bills (Buy)	—	—	9¹³⁄₁₆	9¹³⁄₁₆	10⅛	—
Fine Trade Bills (Buy)	—	—	10¹¹⁄₁₆	10¹³⁄₁₆	10¹¹⁄₁₆	—
Dollar CDs	—	—	6.85-6.80	6.9-6.85	7.20-7.15	7.70-7.65
SDR Linked Deposits	—	—	6⅛-5¹³⁄₁₆	6⅜-6⅛	6⅝-6⅜	6¹³⁄₁₆-6¹¹⁄₁₆
ECU Linked Deposits	—	—	7⅛-7	7⅜-7¼	7½-7⅜	7¹³⁄₁₆-7⅝

Treasury Bills (sell); one-month 9⅜ per cent; three-months 9⅝ per cent; Bank Bills (sell): one-month 9⅝ per cent; three months 9¾ per cent; Treasury Bills; Average tender rate of discount 9.8406 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July 1 to July 31, 1987, Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9⅞ per cent; six-nine months 10 per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from August 18, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Gilts lose ground

LONG TERM gilt futures lost ground on the London International Financial Futures Exchange yesterday, but trading was quiet, dominated by light speculative selling.

Lower oil prices, with North Sea crude now trading at around $17.50 a barrel, compared with a recent peak of over $20, put downward pressure on sterling, leading to falls on the cash gilt and futures markets.

September gilts opened lower at 114-03, and declined to close at 114-00, compared with 114-20 on Monday, with traders taking a cautious view of the market, ahead of next Tuesday's UK trade figures.

US Treasury bond futures on Liffe showed little change. September delivery opened at 89-15 and closed at the same level, against 89-08 previously. A firmer dollar lent support to the contract after comments from Mr Kiichi Miyazawa, Japanese Finance Minister, and Mr Clayton Yeutter, US Trade Representative, aimed at halting the dollar's decline.

Mr Miyazawa said he would not leave the currency market unchecked and Mr Yeutter hinted at a possible rise in US interest rates, and said he would not like to see the value of the dollar fall further.

Japanese Government bonds opened unchanged at Liffe, after nervous trading in Tokyo, where news that a further rise in the long-term banks' prime rates would be delayed, hit sentiment, because of fears the coupon on a new September bond would be lower than expected.

Intervention by the Bank of Japan on the foreign exchanges was taken as further evidence the central bank was determined to prevent the yen rising too sharply against the dollar. This tended to undermine sentiment in the yen bond market, after a strong start in Tokyo.

After opening at 106.10 in London the September contract drifted down to finish at 106.07, compared with the previous settlement of 106.10.

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	1.37	2.41	3.27	4.25
118	0.63	1.59	4.53	5.43
120	0.40	1.23	6.30	7.07
122	0.24	—	8.14	—
124	0.13	—	10.03	—
126	0.07	—	11.61	—
128	0.04	—	13.58	—
130	0.02	—	15.56	—

Estimated volume total, Calls 738 Puts 1,057
Previous day's open int: Calls 13,428 Puts 9,033

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
80	9.30	—	0.00	—
82	7.30	7.08	0.00	0.36
84	5.32	5.35	0.02	0.63
86	3.40	4.11	0.10	1.39
88	2.18	3.01	0.52	2.29
90	1.15	2.06	1.49	3.34
92	0.40	1.26	3.10	4.54
94	0.16	0.57	4.50	6.21

Estimated volume total, Calls 74 Puts 0
Previous day's open int: Calls 305 Puts 219

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
22250	7.08	12.25	4.28	4.95
22500	5.75	10.75	5.45	5.95
22750	4.60	9.37	6.80	7.07
23000	3.62	8.12	8.32	8.32
23250	2.83	6.98	10.00	9.68
23500	2.13	5.96	11.83	11.16
23750	1.60	5.06	13.80	12.76
24000	1.18	4.26	15.88	14.46

Estimated volume total, Calls 22 Puts 13
Previous day's open int: Calls 258 Puts 171

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6675	0.6697	0.6655	0.6681
Dec.	0.6733	0.6752	0.6712	0.6738
Mar.	0.6800	0.6815	0.6773	0.6802
June	—	—	—	0.6860

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	337.10	337.80	336.35	335.50
Dec.	340.00	340.70	339.15	338.05
Mar.	—	343.20	341.60	—
June	—	345.50	—	343.70

IMM—STERLING $ per £

	Latest	High	Low	Prev.
Sept.	1.6195	1.6340	1.6165	1.6280
Dec.	1.6075	1.6120	1.6050	1.6155
Mar.	1.5940	1.5970	1.5940	1.6050
June	1.5800	—	1.5800	1.5940

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6180	1.6180	1.6172	1.6308
Dec.	1.6052	—	—	1.6180
Mar.	1.5935	—	—	1.6055

Estimated volume 6 (8)
Previous day's open int 891 (892)

Company Notices

NOTICE TO DEBENTURE HOLDERS OF

NATCAN REALTY CORPORATION LTD
SOCIETE IMMOBILIERE NATCAN LTEE

now NATIONAL BANK REALTY INC
L'IMMOBILIERE BANQUE NATIONALE INC

C$30,000,000
12½% Debentures due February 15 1990

According to the Fiscal Agency Agreement dated February 15, 1983 between NATCAN REALTY CORPORATION LTD. and TRUST GENERAL DU CANADA/GENERAL TRUST OF CANADA, notice is hereby given:

1—That on July 31, 1987 National Bank Realty Inc. transferred all its assets to NATIONAL BANK OF CANADA and that it shall proceed to its dissolution.

2—That under the terms of a Supplemental Agreement dated July 31, 1987 NATIONAL BANK OF CANADA agreed with Trust Général du Canada to pay the Debentures and the interest thereon and all other moneys payable under the Fiscal Agency Agreement and to perform and observe all its covenants and obligations.

3—That a legal notice was filed with the Chief Registrar of the District Court in Luxembourg.

4—That the outstanding Debentures remain unchanged.

5—That the Debentures remain listed on the Luxembourg Stock Exchange under the name "NATCAN REALTY CORPORATION LTD" followed by "NATIONAL BANK OF CANADA."

Montreal, August 26, 1987

Fiscal Agent
TRUST GENERAL DU CANADA

Public Notices

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNEES

Section II Rates—Review of Third Party Costs

The member lines of the above conference operating services from the United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, St. Lawrence River and Great Lakes ports have to advise shippers and consignees that it has been decided to review the level of third party costs incorporated in the Section 2 Rates on 1st October and 1st April each year with a view to adjusting same where necessary.

The initial review will be undertaken early September 1987 and the revised Section 2 Rates not presently time geared will become effective on 1st October 1987.

Time geared rates which expire after 1st October 1987 will be subject to review when their validity expires.

Atlantic Container Line B.V.
Canada Maritime Ltd
Cast (1983) Ltd
Hapag-Lloyd AG
ML Containerline Ltd

Canadian Atlantic Freight Secretariat Ltd
Secretaries
Stoner House
Kilnmead
Crawley
West Sussex
RH10 2BG
August 1987

Art Galleries

OMELL GALLERIES An exhibition of Russian and Scandinavian Paintings. 43a Duke Street, St. James's, London, SW1. Tel: 01-930 7744. Mon.-Fri. 9.30-5, Sat. 10-1.

Liberty Life Association of Africa Limited

Interim report for the six months ended 30 June 1987

SUMMARISED GROUP INCOME STATEMENT

	Note	6 months ended 30 June (unaudited) 1987 Rm	1986 Rm	% change	Year ended 31 December (audited) 1986 Rm
Net premium income		590,4	430,9	+37,0	932,2
Net income from investments and sundry income		361,0	217,9	+65,7	506,1
Total income		951,4	648,8	+46,6	1 438,3
Net taxed surplus	1	51,3	35,6	+44,1	90,1
Preference dividends		(7,7)	(3,7)	+108,1	(7,5)
Net taxed surplus attributable to ordinary and preferred ordinary shareholders	1	43,6	31,9	+36,7	82,6
Weighted number of ordinary and preferred ordinary shares on which net taxed surplus per share is based ('000)	2	17 398	15 640	+11,0	16 521
Net taxed surplus per share (cents)	1 & 2	250,3	203,2	+23,2	500,6
Dividends per ordinary share (cents)					
– Interim (declared 20 August 1987)	3	180,0	150,0	+20,0	150,0
– Final (declared 11 March 1987)		–	–	–	210,0
Total dividends per ordinary share (cents)		180,0	150,0	+20,0	360,0

SUMMARISED GROUP BALANCE SHEET

	Note	30 June 1987 (unaudited) Rm	31 December 1986 (audited) Rm
Interests of			
– shareholders of Liberty Life	2	1 596,9	1 390,1
– minority shareholders		410,3	385,3
Total capital and reserves employed		2 007,2	1 775,4
Long-term liabilities		181,5	219,4
Life funds	1	9 049,3	5 458,9
		11 238,0	7 453,7
Represented by			
Investments		11 141,7	7 272,8
Fixed assets		47,6	40,7
Current assets		388,7	324,3
Total assets		11 578,0	7 637,8
Current liabilities		340,0	184,1
		11 238,0	7 453,7

NOTES

1. **Life insurance operations**
Due to the general impracticability of undertaking full actuarial valuations other than at the end of the financial year, no valuations of the life funds of Liberty Life, and its subsidiaries, Charter Life Insurance Company Limited and The Prudential Assurance Company of South Africa Limited ("the Prudential"), are conducted at the half-year stage. For the purpose of this interim report and following the company's established practice, the net taxed surplus has been included on the basis of an estimate which results in the net taxed surplus per share being shown at half the level achieved for the previous full financial year ended 31 December 1986.

2. **Issued share capital**

2.1 **Ordinary shares**
During the six months ended 30 June 1987 the issued share capital of the company increased by 200 shares as a result of the implementation of various options in terms of the Senior Executive Share Option Scheme.

2.2 **Convertible redeemable non-cumulative preference shares**
The Scheme of Arrangement whereby the Prudential became a wholly owned subsidiary of Liberty Life with effect from 1 January 1987 was sanctioned by the Supreme Court of South Africa on 23 March 1987. In terms of the Scheme of Arrangement, Liberty Life issued 1 609 461 new convertible non-cumulative preference shares – Series G of R1 each at an issue price of R140,00 per share to the members of the Prudential registered at the close of business on 20 March 1987. Accordingly the results of the Prudential have been included in the financial statements for the six months ended 30 June 1987 for the first time.

The issued share capital of the company following the abovementioned allotments of shares is presently as follows:

14 930 615	ordinary shares of R1 each
2 467 804	preferred ordinary shares of R1 each
1 521 923	convertible redeemable cumulative preference shares of R1 each
1 609 461	convertible redeemable non-cumulative preference shares of R1 each
20 529 803	

3. **Interim ordinary dividend**
In accordance with the company's dividend policy of declaring interim ordinary dividends at a level of one half of the total ordinary dividend for the immediately preceding financial year, the directors have resolved to declare an interim ordinary dividend of 180 cents per ordinary share in respect of the year ending 31 December 1987.

4. **New business**
During the 6 months ended 30 June 1987 new annualised premiums (which exclude single premiums and annuity considerations) rose to R82,8 million from R77,1 million in the corresponding period of 1986. Total new business premium income including single premiums and annuity considerations for the first half of 1987 amounted to a record R274,9 million representing an increase of 15% over the amount of R238,7 million recorded during the same period of 1986.

5. **Comment**
Subject to no unforeseen factors arising during the remaining months of the financial year the net taxed surplus per share and dividends per ordinary share for 1987 are expected to show a satisfactory increase over the level attained in 1986.

Declaration of interim dividends in respect of the year ending 31 December 1987

Notice is hereby given that the following interim dividends have been declared in respect of the year ending 31 December 1987 payable to shareholders registered in the books of the company at the close of business on Friday, 18 September 1987.

	Amount per share
Ordinary dividend No 39	180 cents
Preferred ordinary dividend No 3	300 cents
Convertible preference – Series G dividend No 1	250 cents

The abovementioned dividends have been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about 2 October 1987.

Cheques in respect of dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent on 25 September 1987. Non-resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable.

On behalf of the board

D Gordon *(Chairman)*
P D Wharton-Hood *(Joint Managing Director)*
M Winterton *(Joint Managing Director)*

Johannesburg
20 August 1987

South African transfer secretaries
Central Registrars Limited
4th Floor, 154 Market Street
Johannesburg, 2001
PO Box 4844
Johannesburg, 2000

United Kingdom transfer secretaries
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 25 1987					MONDAY AUGUST 24 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	158.62	+0.9	145.30	147.38	2.47	157.20	142.90	146.12	158.62	99.92	74.82
Austria (16)	97.19	+0.1	89.03	91.94	2.25	97.15	88.31	91.71	101.62	85.53	93.72
Belgium (48)	133.49	−1.0	122.28	125.59	3.79	134.89	122.61	126.40	134.89	96.19	88.54
Canada (129)	139.81	+0.6	128.07	133.59	2.18	138.92	126.28	132.93	141.78	100.00	98.25
Denmark (39)	120.97	+1.2	110.81	115.33	2.41	119.48	108.61	113.79	124.10	98.18	94.17
France (121)	110.74	−0.4	101.45	105.88	2.68	111.24	101.12	105.96	121.82	98.39	98.48
West Germany (92)	103.69	−0.9	94.99	98.28	1.93	104.62	95.10	98.77	104.87	84.00	95.63
Hong Kong (45)	138.82	+1.5	127.16	139.13	2.63	136.80	124.35	137.11	142.69	96.89	76.74
Ireland (14)	139.88	−0.9	128.13	134.40	3.34	141.17	128.32	135.09	145.41	99.50	84.54
Italy (76)	84.22	−1.0	77.15	83.03	2.20	85.12	77.37	83.69	112.11	84.22	104.59
Japan (458)	150.72	−1.5	138.06	136.43	0.50	153.07	139.14	137.34	161.28	100.00	101.10
Malaysia (36)	186.35	+2.3	170.70	180.91	2.05	182.16	165.58	176.88	193.64	98.24	85.56
Mexico (14)	336.46	+2.9	308.20	544.44	0.55	326.92	297.17	525.43	336.46	99.72	62.27
Netherland (37)	130.86	+0.5	119.87	122.74	3.67	130.15	118.31	121.60	131.41	99.65	98.71
New Zealand (24)	123.88	−0.3	113.48	108.92	2.74	124.22	112.92	109.17	125.32	83.93	71.02
Norway (24)	168.69	−1.5	154.52	153.35	1.78	171.23	155.65	155.31	172.79	100.00	101.39
Singapore (27)	174.28	+1.1	159.65	169.26	1.46	172.32	156.64	167.23	174.28	99.29	89.41
South Africa (61)	173.66	+0.4	159.08	134.41	3.11	172.93	157.19	133.83	198.09	100.00	85.51
Spain (43)	148.24	+0.5	135.79	137.79	2.89	147.44	134.03	136.44	148.24	100.00	96.15
Sweden (33)	128.21	−2.0	117.44	121.28	1.92	130.84	118.94	123.34	130.84	90.85	95.36
Switzerland (53)	107.84	−1.1	98.78	100.52	1.66	108.99	99.07	101.12	109.22	92.01	93.11
United Kingdom (335)	148.71	+0.2	136.23	136.23	3.27	148.47	134.96	134.96	162.87	99.65	96.72
USA (590)	137.42	+1.0	125.88	137.42	2.67	136.10	123.71	136.10	137.42	100.00	105.51
Europe (931)	124.56	−0.2	114.10	116.46	2.83	124.86	113.50	116.09	128.35	99.78	97.03
Pacific Basin (683)	150.64	−1.3	137.99	136.90	0.65	152.70	138.80	137.65	158.77	100.00	99.25
Euro-Pacific (1614)	140.28	−1.0	128.50	128.78	1.42	141.64	128.75	129.09	143.65	100.00	98.38
North America (719)	137.55	+1.0	126.00	137.23	2.64	136.24	123.85	135.95	137.55	100.00	105.13
Europe Ex. UK (596)	109.58	−0.6	100.38	104.21	2.46	110.22	100.20	104.43	110.41	98.02	97.26
Pacific Ex. Japan (225)	149.71	+1.0	137.14	142.35	2.47	148.16	134.69	140.90	149.71	99.92	76.16
World Ex. US (1818)	140.76	−0.9	128.94	129.28	1.47	142.01	129.09	129.54	143.38	100.00	98.19
World Ex. UK (2073)	138.52	−0.2	126.89	132.12	1.78	138.82	126.19	131.90	138.82	100.00	101.46
World Ex. So. Af. (2347)	139.20	−0.2	127.51	132.44	1.91	139.45	126.76	132.12	139.45	100.00	101.13
World Ex. Japan (1950)	134.03	+0.6	122.77	130.50	2.70	133.27	121.14	129.53	134.03	100.00	101.01
The World Index (2408)	139.42	−0.2	127.71	132.49	1.92	139.67	126.96	132.17	139.67	100.00	101.04

Base values: Dec 31, 1986 = 100

Prices for Austria were unavailable and prices for South Africa were not fully updated for Aug. 24.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 87 Vol.	Feb 87 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$480	125	12.80	3	23	5	34.50	$458.90
GOLD P	$400	—	—	40	3.50	—	—	"
GOLD P	$440	61	5.70	—	—	3	12	"
GOLD P	$460	37	14	5	18.90	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	—	—	—	—	15	160	$773
SILVER C	$750	—	—	5	90	—	—	"
		Sep 87		Oct 87		Nov 87		
£/Fl. P	Fl.335	3	3.30	—	—	—	—	Fl.333.09
		Sep 87		Oct 87		Nov 87		
$/Fl C	Fl.200	10	5.50	—	—	—	—	Fl.205.23
$/Fl C	Fl.205	42	2.70	51	3.60	—	—	"
$/Fl C	Fl.210	12	0.90	1280	1.65	—	—	"
$/Fl C	Fl.215	—	—	9	0.60B	—	—	"
$/Fl P	Fl.195	7	0.30	—	—	—	—	
$/Fl P	Fl.200	59	0.50	—	—	—	—	"
$/Fl P	Fl.205	22	2.10A	7	3.20	18	4.40A	"
$/Fl P	Fl.210	13	5.20	—	—	—	—	"
$/Fl P	Fl.215	—	—	1	10.50	—	—	"
		Dec 87		March 88		Jan 87		
$/Fl C	Fl.200	5	7.70A	—	—	10	9.60A	Fl.205.23
$/Fl C	Fl.205	134	4.80	5	6.10	203	7.40	"
$/Fl C	Fl.210	58	3.10	97	4	436	4.90	"
$/Fl C	Fl.215	41	1.80	18	2.90	205	3.70	"
£/Fl C	Fl.220	13	0.80	—	—	8	2.50	"
$/Fl P	Fl.195	—	—	—	—	15	4.50	"
$/Fl P	Fl.200	543	3.30	30	4.80	—	—	"
$/Fl P	Fl.205	43	5.30	5	7.70A	46	9.70	"
$/Fl P	Fl.235	8	30.50B	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.520	1070	19.20	61	37	16	45	Fl.515
ABN P	Fl.500	329	10.10	46	17	—	—	"
AEGON P	Fl.100	78	3.40B	28	5	—	—	"
AHOLD C	Fl.115	60	3.40	4	6	—	—	Fl.110.80
AHOLD P	Fl.110	28	4.40	—	—	—	—	"
AHOLD P	Fl.100	17	1.10	—	—	—	—	"
AKZO C	Fl.180	1772	7.40	709	12	42	16	Fl.177.90
AKZO P	Fl.170	604	3.20	77	6.10	26	82.20	"
AMEV C	Fl.65	151	6.50	—	—0	—	—	Fl.70.70
AMEV P	Fl.65	89	1.20	32	2.20	—	—	"
AMRO C	Fl.85	512	7.50	87	10.10	13	12	Fl.90.90
AMRO P	Fl.90	147	2.50	87	3.70	2	5.10	"
ELSEVIER C	Fl.65	169	3.50	55	5.50	9	7.80	Fl.62
ELSEVIER P	Fl.60	48	2.90	7	4.20	—	—	"
GIST-BROC.C	Fl.50	350	3.70	125	5.10	8	6.50	Fl.50.80
GIST-BROC. P	Fl.50	558	2.10	753	3	—	—	"
HEINEKEN C	Fl.190	86	10.80B	13	15.90	—	—	Fl.195
HEINEKEN P	Fl.190	107	5.50B	17	9.10	—	—	"
HOOGOVENS C	Fl.50	504	3.10B	238	5.20	27	7	Fl.49
HOOGOVENS P	Fl.45	371	1.10	67	2.90B	25	3.30	"
KLM C	Fl.55	233	2.90	238	5.50A	19	6.70	Fl.55.50
KLM P	Fl.55	142	2.50	32	3.50	—	—	"
NEDLLOYD C	Fl.190	104	10.80	10	17.90	—	—	Fl.186
NEDLLOYD P	Fl.170	115	4.70	8	10	—	—	"
NAT.NED. C	Fl.70	531	10.90	20	12.50A	—	—	Fl.80.70
NAT.NED. P	Fl.80	141	3.20	14	4.30	10	5.50	"
PHILIPS C	Fl.55	693	1.60	313	3.20	66	4.40	Fl.52.80
PHILIPS P	Fl.55	192	3	49	4.30	51	5.30	"
ROYAL DUTCH C	Fl.270	828	10.50	127	18.70	8	22	Fl.276.70
ROYAL DUTCH P	Fl.260	720	2.70	170	5	—	—	"
ROBECO C	Fl.100	4	14.30	—	—	—	—	Fl.114
ROBECO P	Fl.110	3	1.20	—	—	—	—	"
UNILEVER C	Fl.136	557	10.60B	—	—	—	—	Fl.143.30

TOTAL VOLUME IN CONTRACTS: 46,803

A=Ask B=Bid C=Call P=Put

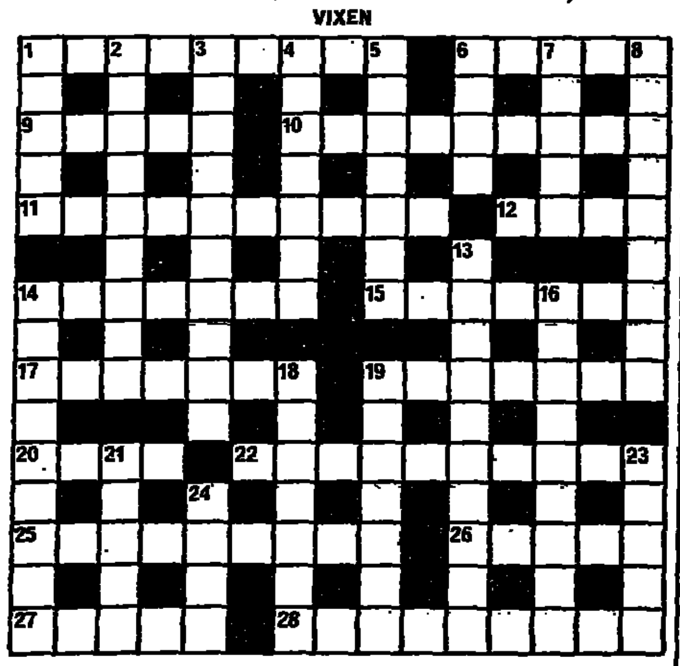
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd.	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk.	10	Consolidated Cred.	10	Provincial Trust Ltd.	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk.	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd.	10	Exeter Trust Ltd.	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp.	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd.	10	UDT Mortgage Exp.	§11.1
Bank Credit & Comm	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs.	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp.	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst.	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co.	10		
Brit Bk of Mid East	10	Hongkong & Shangh.	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst.	10	Meghraj & Sons Ltd.	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd.	10	Mount Credit Corp. Ltd.	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. † Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,414

VIXEN



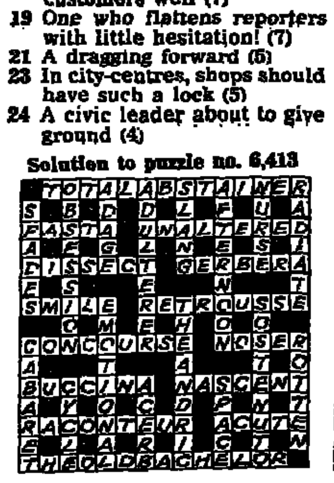
ACROSS

1 The firm with a thousand quid available amalgamates (9)
6 Support for a couple (5)
9 One sent astray gets let in (5)
10 Slightly injured, so wouldn't take part (9)
11 A guy—no, guys—held by a friend to be wonderful (10)
12 A woman being in charge makes men apprehensive (4)
14 Rusty agent—but neat, and it works (7)
15 Poles get round the table after egghead volunteers (7)
17 Disdainful of formal wear (4, 3)
19 Cry pace should be changed, being something of a pig (7)
20 Well-informed article absorbed by leftist (4)
22 It's steered erratically off the main road (4-6)
25 Presses to accept a little credit—great honour (4, 5)
26 There's nothing against a note in this form (5)
27 A high-flier, English, age about 50 (5)
28 The dogs for bounders (9)

DOWN

1 Getting a piece about right, talk cheerfully (5)
2 Gaining control over emigrants—quite wrongly (9)
3 People manipulating others to their own advantage (10)
4 An unusual perfume that's now being produced (7)
5 Satisfy about blunder and maker certain cuts (7)
6 Wound, giving littler quarter (4)
7 Bill—he's suffering (5)
8 Forever wanting a tip (9)
13 Sounds like a slow-growing tree! (10)
14 Possibly she wore it to appear different (9)
16 Old friend causing deadlock (9)
18 They should suit their customers well (7)
19 One who flattens reporters with little hesitation! (7)
21 A dragging forward (5)
23 In city-centres, shops should have such a lock (5)
24 A civic leader about to give ground (4)

Solution to puzzle no. 6,413



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

AEtna Unit Trusts Ltd(a)(b)(c)

Allied Dunbar Unit Trusts PLC (a)(b)

Anthony Wieler Unit Tst. Mgmt. Ltd

Archway Unit Tst. Mgrs. Ltd(a)(c)

Arkwright Management

Asset Unit Trust Mngrs Ltd

Atlanta Unit Managers Ltd

Baillie Gifford & Co Ltd

Baltic Trust Managers Ltd

Barclays Unicorn Ltd(a)(c)(g)

Baring Fund Managers Ltd

Barrington Trusts (a)

Bell Court Fund Mngt PLC

Bishopsgate Progressive Mgmt. Co

Brewin Dolphin Unit Tst Mngrs Ltd

Bridge Fund Managers (a)(c)

Brown Shipley & Co Ltd (a)(g)

FS Investment Managers Ltd

Henderson Administration—Contd.

Hexagon Unit Trust Managers Ltd

Hexagon Services Ltd

Highcliffe Unit Trust Management Limited

Hill Samuel Unit Tst. Mgrs.† (a)(c)

IBL Fund Managers Ltd (a)

Key Fund Managers Ltd (a)(c)

LAS Unit Trust Managers Ltd

L & C Unit Trust Management Ltd

Lazard Brothers & Co Ltd

Legal & General (Unit Tst. Mngrs.) Ltd

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

London & Manchester (Tst Mgmt) Ltd

M & G Group (y)(c)(z)

MGM Unit Managers Ltd

MLA Unit Trust Management

Mayflower Management Co Ltd

Medical Investments Limited

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	118.0	124.8	+1.3	1.24
(Accum Units)	125.5	130.8	+1.1	1.24
British Blue Chip Fund	51.3	54.3	+0.2	2.61
(Accum Units)	53.3	54.2	+0.2	2.61
American Sm Cos Fd	54.3	57.4	+0.2	0.46
(Accum Units)	54.3	57.4	+0.2	0.46
American Income	53.4	56.5	-0.1	3.93
(Accum Units)	58.2	61.5	-0.1	3.93
European Growth	156.9	166.0	-0.1	2.17
(Accum Units)	163.8	173.3xd	-0.2	2.17
European Income	84.3	89.2	-0.1	3.36
(Accum Units)	88.7	93.8	-0.1	3.36
General	374.8	396.6	+2.5	1.30
(Accum Units)	622.5	658.7	+4.0	1.30
Gilt	86.0	86.4	-0.1	8.39
(Accum Units)	102.3	102.8	-0.1	8.39
Global Fund	52.6	55.6	-0.1	0.66
(Accum Units)	52.6	55.6	-0.1	0.66
High Interest Fund	43.3	45.8xd	-0.1	9.77
(Accum Units)	43.6	46.1xd	-0.2	9.77
High Income Fund	52.5	55.5xd	+0.3	4.84
(Accum Units)	51.3	56.4xd	+0.3	4.84
Income	125.3	132.6	+0.7	2.64
(Accum Units)	143.6	151.9	+0.8	2.64
International	317.5	335.9	+0.7	1.36
(Accum Units)	397.2	420.3	+0.9	1.36
Japan	218.4	231.1	+0.3	0.55
(Accum Units)	224.2	237.2	+0.3	0.55
Pacific Fd	59.1	62.5	+0.0	0.10
(Accum Units)	59.1	62.5	+0.0	0.10
Recovery	319.4	337.9	+4.9	1.27
(Accum Units)	347.2	367.4	+5.3	1.27
UK Smaller Co's Fd	55.0	58.2xd	+0.3	1.75
(Accum Units)	55.5	58.7xd	+0.3	1.75
Exempt	349.4	358.3xd	-0.3	2.25
(Accum Units)	552.6	566.1xd	-0.5	2.25

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 18	1640.0	648.0	...	1.07

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM County Growth	118.7	126.3	+0.5	[illegible]
PM Income and Growth	105.1	111.9	+0.5	[illegible]
PM N American Growth	61.8	65.7	...	[illegible]
PM European Growth	50.7	53.9	...	[illegible]
PM Japan Growth	75.2	79.9	...	[illegible]
PM Overseas Growth	59.3	63.0	+0.1	[illegible]

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	82.0	86.7xd	+0.6	[illegible]
Holborn Equity Income	72.9	77.1xd	+0.1	[illegible]
Holborn Equity Tst	588.4	622.6	+1.9	[illegible]
Holborn European Tst	125.5	132.8	+0.6	[illegible]
Holborn Gilt Tst	204.5	213.4	-0.2	[illegible]
Holborn High Inc Tst	89.1	94.2	+0.3	[illegible]
Holborn Intl Grth Tst	127.2	134.6xd	-	[illegible]
Holborn Japanese Tst	144.4	152.7xd	+0.2	[illegible]
Holborn N Amer Tst	104.0	106.3	-0.4	[illegible]
Holborn Sm Cos Tst	79.7	84.3	+0.4	[illegible]
Holborn Spec Sits Tst	104.3	110.3	+0.4	[illegible]
Holborn UK Growth Tst	116.4	123.1xd	+0.9	[illegible]

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	654.9	693.1	...	[illegible]
Quadrant Income	321.6	340.4	...	[illegible]
Quadrant Intl. Fund	471.1	498.6	...	[illegible]
Quadrant Spec. Sits	450.0	476.2	...	[illegible]

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	241.2	256.5	+1.2	2.35
Reliance Unit Tst (Inc)	166.7	177.3	+1.1	1.49
Reliance Ut Tst (Acc)	224.4	238.6	+1.4	1.49

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	53.3	56.1	...	1.5

N.M. Rothschild Fund Mngmt

[illegible]

INSURANCES

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	441.8	465.1		
Property	282.3	297.2		
Equity	557.2	586.5		
Gilt Edged	348.3	366.6		
Deposit	205.5	216.3		
Investment	237.3	249.8		
International	446.0	469.5		
Pension Fund Prices				
Managed Int.		317.2		—
Do. Accum.		389.6		—
Property Int.		245.9		—
Do. Accum.		301.9		—
Equity Int.		429.9		—
Do. Accum.		527.1		—
Gilt Edged Int.		225.7		—
Do. Accum.		277.1		—
Guaranteed Int.		158.5		—
Do. Accum.		194.7		—
International Int.		438.5		—
Do. Accum.		660.8		—
Index Lk. Gilt Int.		135.0		—
Do. Accum.		165.7		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	315.2	+0.1	—
Property Pens.	420.4	+0.1	—
Equity	193.0	+1.3	—
Equity Pens.	877.9	+7.3	—
Money Market	294.6	+0.7	—
Money Mkt. Pens.	330.0	+1.3	—
Deposit	238.2	+0.1	—
Deposit Pens.	380.3	+0.3	—
Managed	294.6	+1.6	—
Managed Pens.	566.5	+4.4	—
Intl. Equity	358.5	+0.2	—
Do. Pens.	383.0	+0.9	—
Intl. Managed	326.4	+1.2	—
Do. Pens.	486.5	+2.6	—
North American	139.2	-0.6	—
Do. Pens.	161.6	-1.0	—
Far East	301.9	-1.0	—
Do. Pens.	438.3	-1.6	—
Intl. Currency	169.3	+0.0	—
Do. Pens.	218.4	+0.0	—
Index Linked	127.7	+1.0	—
S & C Managed Fd	140.2	+0.3	—
S & C Pens Mngd Fd	114.6	+0.7	—

National Provident Inst.—Contd.

Far East Initial	508.8	538.6	+1.2	
Far East	609.5	641.6	+1.5	
Prop. Initial	141.5	149.0	-0.1	
Prop.	169.6	178.6	-0.1	
Fixed Int. Initial	179.4	188.9	-0.2	
Fixed Int.	215.4	226.8	-0.1	
Indexed Gilt Initial	99.9	105.2	-0.1	
Indexed Gilt	118.7	125.0	-0.1	—
Deposit Initial	135.3	142.5		—
Deposit	163.9	172.6	-0.1	—
NPI Pensions Management Ltd				
Managed Fund	987.6	1005.3	...	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 2JS 0603 683986

NUAM Funds				
Managed Fund	57.6	60.7	+0.1	—
Stock Market Mngd Fund	59.8	63.0	+0.1	—
Equity Fund	63.6	67.0	+0.1	—
International Fund	57.3	60.4	+0.1	—
European Fund	59.7	62.9	+0.5	—
North American Fund	52.7	55.5	-0.2	—
Pacific Fund	66.6	70.2	+0.3	—
Property Fund	52.0	54.8	...	—
Fixed Interest Funds	47.6	52.2	-0.1	—
Index Linked Sec Fund	44.9	47.3	-0.1	—
Deposit Fund	51.1	53.8	...	—
NUAM Retirement Plans				
Mixed Fund	61.4	64.7	+0.4	—
UK Ordinary Share	72.5	76.2	+2.0	—
International Fund	59.2	62.4	-0.1	—
Property Fund	52.0	54.8	...	—
Fixed Interest Fund	49.4	52.1	+0.2	—
Index Linked Sec Fund	45.3	47.7	+0.3	—
Deposit Fund	53.2	56.0	+0.1	—
NUAM (NRF)				
Managed Fund	790.9	832.6	+1.1	—
Equity Fund	1695.6	1784.9	+3.5	—
Property Fund	323.7	340.8	...	—
Fixed Interest Fund	351.2	369.7	-0.9	—
Deposit Fund	208.4	219.4	...	—
International Fund	148.8	156.7	+0.3	—
Index Linked Sec Fund	45.0	47.4	...	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100	Treas. 12pc 1987	100	.....	11.97	10.18
99	97	Treas. 7¾pc 1985-88‡‡	99¼	...	7.81	9.55
102¼	99	Exch 10½pc '88	100		10.49	10.27
101	98	Treas. 9¾pc Cv '88	99		9.81	10.43
97	93	Transport 3pc '78-88	96		3.13	7.59
101¼	98	Treas. 9½pc '88	98		9.62	10.58
105	101	Treas. 11½pc 1989	101¼		11.37	10.61
102	97	Treas. 9½pc Cnv 1989	98		9.65	10.52
94	89¼	Treas. 3pc 1989	92		3.24	7.65
104½	99	Treas. 10½pc 1989	99		10.52	10.58
103	98	Exch. 10pc 1989	99		10.10	10.58
105¼	100	Exch 11pc 1989	100 xd		10.92	10.61
95	89	Treas. 5pc 1986-89	92¾	.....	5.40	8.85
108	99	Exch 10¼pcCv '89	99	–¼	10.27	10.29
111	105	Treas 13pc 1990‡‡	105		12.28	10.34
106½	100	Exch 11pc 1990‡‡	101		10.89	10.39
110	104¼	Exch. 12¼pc 1990	104½xd		11.89	10.22
91	84½	Treas. 3pc 1990	88		3.36	7.46
100	93	Treas. 8¼pc 1987-90‡‡	95		8.53	9.57
105	97	Treas. 10pcCv 1990	98		10.08	10.28
89	81	Exch 2½pc 1990	85		2.89	7.19
110½	103	Treas 11¾pc 1991	103		11.28	10.23
95	87¼	Funding 5¾pc '87-91‡‡	88¾		6.39	9.03
89	80¾	Treas. 3pc 1991	84		3.55	7.91
110	99¼	Treas 10pc Cv '91 ‡‡	99		10.03	10.04
109	101	Exch. 11pc 1991	101½	–¼	10.81	10.44
		Treas. 8pc 1991	91			
116	107	Treas 12¾pc 1992‡‡	107	–¼	11.82	10.45
106	97	Treas 10pc 1992	98		10.15	10.39
99	90	Treas. 8pc 1992 ‡‡	91		8.78	10.45
108	99	Treas 10½pc Cv 1992‡‡	100		10.48	10.41
85	80	Treas. 3pc 1992	80	–¼	3.74	8.03
115⅞	106	Exch. 12¼pc '92	106 xd		11.48	10.47
		Five to Fifteen Years				
121	111	Exch 13½pc 1992	111 xd	–½	12.10	10.50
107	97	Treas 10pc 1993‡‡	97		10.18	10.40
118	108	Treas 12½pc 1993‡‡	108		11.50	10.47
95⅞	82⅞	Funding 6pc 1993‡‡	85		7.00	9.12
125	113	Treas 13¾pc 1993‡‡	114		12.06	10.58
129	118	Treas 14½pc 1994‡‡	118		12.27	10.55
124	113	Exch 13½pc 1994	113		11.92	10.66
107	97	Treas. 10pc Ln 1994‡‡	97		10.21	10.42
120	106	Exch. 12½pc 1994	109 xd		11.47	10.62
103¼	92	Treas 9pc 1994‡‡	93		9.59	10.20
118	106	Treas 12pc 1995	106		11.23	10.62
84	76	Exch 3pc Gas 90-95	81		3.43	7.85
109	98	Exch. 10¼pc 1995	98½		10.39	10.48

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or –	(1)	(2)
		Index-Linked	(b)				
131	125½	Treas 2pc '88	(297.1)	131 xd	.....	—	2.03
117¼	108	Do. 2pc '90	(333.9)	114	–¼	0.91	2.77
99	93	Do 3pc '92‡‡	(385.8)	96 xd	–¼	2.45	3.09
128	119	Do. 2pc '96	(267.9)	124 xd		3.41	3.94
111¼	101	Do 2½pc '01	(308.8)	102 xd		3.68	4.32
110	99	Do. 2½pc '03	(310.7)	100		3.65	4.28
113	101	Do. 2pc '06	(274.1)	102		3.67	4.17
108	95	Do. 2½pc '09	(310.7)	96		3.65	4.10
113	100	Do 2½pc '11	(294.1)	101	–¼	3.76	4.03
95	93	Do 2½pc '13	(351.9)	84½		3.68	3.98
103	91	Do. 2½pc '16	(322.0)	91		3.47	3.90
101	89	Do. 2½pc '20	(327.3)	90		3.55	3.82
86	75	Do. 2½pc '24 ‡‡	(385.3)	76		3.46	3.74

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for December 1986: 393.0 and for July 1987: 101.8 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113¾	98	African Dv Bk 11¼Ln 2010	99 xd		11.22	11.22
109¾	95	Asian Dev Bk 10¼pcLn2009	95½	–1¼	10.75	10.79
136	118	Australia 13½pc 2010	119		11.26	11.08
118	102	Do 11¼pcLn2015	102	–¼	11.06	11.03
115	101	Euro Inv Bk 11pc Ln 2002	102	–½	10.78	10.72
110	97	Do. 10½pc2004	97		10.68	10.73
126	111	Int-Am Dev Bk 12½pc 2003	111 xd	–¼	11.17	10.87
104	90	Do 9¾pcLn 2015	90		10.76	10.81
97	83	M'lysia 10¾pcLn 2009	87 xd	–½	12.23	12.35
102	99	Malaysia 12¼pc '88	99 xd		12.31	12.74
115	100	NZ 11¼pc 2008	101	–¼	11.13	11.10
123¼	102	Do 11½pc 2014	103		11.15	11.10
176	100	Sweden 13½pc Ln 2010	120		11.25	11.06
990¼	963	Utd. Mexican States 16½pc	997 xd	+¼	16.52	16.60

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53		3.50	16.60
50	40	Do 6pc 28 Stb Ass	50 xd		3	16.00
50	45	Do 4pc Mixed Ass	50		2	14.26
66	58	Hung '24 Ass	66		2.75	14.30
146½	122	Hydro Quebec 15pc 2011	129½	–½	15.00	11.30
136¾	115½	Iceland 14½pc Ln 2016	121 xd	–¼	14.50	11.81
103½	94	Ireland 9¾pc '91-96	94 xd	.....	9.75	11.80

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	32	Abbott Laboratories	39		$1.00	—	1.5
40	24	Alcoa $1	35	–¼	$1.20	—	2.1
18	14	Allegheny L W $0.01	14	+	30c	—	1.3
19	8	Amax $1	15		—	—	—
27	17	Amdahl 5c	26¼	–½	20c	—	0.5
35	25	Amer. Cyanamid $5	32 xd	–½	$1.90	—	3.5
25	18	Amer. Express $0.60	23 xd		$1.44	—	3.8
12	10	Amer. Medical Int. $1	11	–¼	72c	—	3.8
22	14	American T. & T. $1	21		$1.20	—	3.5
63	46	Ameritech $1	59	+½	h$4.72	—	4.9
21¼	15	Amfach	21		—	—	—
25	17	Anheuser-Busch $1	23 xd	–½	$2.00	—	5.2
95p	45p	AndTech	95p		—	—	—
10	6	BankAmerica $1	7		—	—	—
34	25	Bankers N.Y. $10	31		$1.66	—	3.3
652p	300p	BASIX Corp.	300p	–7	12c	—	2.5
49	36	Bell Atlantic $1	46		$3.84	—	5.0
27	21	BellSouth Corp	26	–½	$2.04		4.8
11	4	Bethlehem Steel $8	11	+	—	—	—
20	10	Bio-Rad Labs. Inc. 'A'	16	–¼	—	—	—
26	18	Bowater Inc.	24	+¼	80c	—	2.0
21	15	Browning-Ferris 16 2/3c	20		64c	—	1.2
18	12	Brunswick	18		60c	—	1.0
36	25	CPC Intnl 25c	34		h$1.24	—	2.2
25	18	CSX Corp U.S.$1.00	24		$1.16	—	2.9
25	17	CalFed Inc $1.00	20	–½	60c	—	1.8
43	36	Campbell Soup 30c	41	–¼	$1.34	—	2.1
42	27	Caterpillar Inc $1.00	40	–½	50c	—	0.8
629p	374p	Cenergy Corp. 25c	601p	+2	4c	—	0.4
28	20	Chase Manhattan $12.5	25		$2.16	—	5.1
32	23	Chemical New York	25	–½	$2.72	—	6.6
28	16	Chrysler $6¼	28	–¼	$1.00	—	2.1
43	29	Citicorp $4	38		$2.46	—	3.9
896p	446p	CityFed Fin Corp	577p	–14	40c	—	4.3

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30	22⅞	Sara Lee $1	28½xd	−½	$1.00	—	2.2
11	8⅞	Saul (B. F.) $1	11¼xd	.....	20c	—	1.1
26⅜	19⅞	Southwestern Bell $1	25½	+⅛	k$2.32	—	5.6
19	14¼	Staley Continental	18⅝	.....	80c	—	2.7
44	36⅝	Sun Co. Inc. $1	38½	−½	$3.00	—	4.8
42⅝	28½	TRW Inc. $0.625	39⅝	−½	h$1.60	—	—
34⅞	25⅞	Tenneco $5	32½	−⅝	$3.04	—	5.7
202½	149½	Do. 10pc Ln.Stk. 91-5	202½xd	.....	10%	—	5.0
29⅝	17	Texaco $6.25	26xd	[illegible]	$3.00	—	7.1
74	47⅛	Time Inc. $1	69xd	[illegible]	$1.00	—	0.9
15⅛	11	Tracor $0.33	14⅝	−¼	40c	—	1.7
30⅜	18⅞	Transamerica $1	29⅝	+½	$1.76	—	3.7
14⅝	922p	Transworld Corp $5	13⅝	−⅛	20c	—	0.9
49⅝	29⅛	TRINOVA Corp.	48⅛	+⅛	k$1.00	—	1.3
24	15	♦USX $1	23	[illegible]	$1.20	—	3.2
19⅝	15	Union Carbide $1	18¼	+⅛	$1.50	—	4.9
37⅞	26⅞	Utd. Technologies	35¼xd	−½	$1.40	—	2.4
38⅝	27	US West	35⅞	.....	$3.28	—	5.6
30½	17⅛	Waste Management $1	29⅝	−⅛	—	—	—
£31⅛	£20½	Whirpool $1.0	£24⅝	−⅛	—	—	—
37⅛	26	♦Woolworth $3½	34⅛	−⅛	$1.52	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	373p	ABM Gold Corp	382p	.....	—	—	—
21½p	10p	♦Abbot Energy Corp.	21p	.....	—	—	—
15⅛	506p	♦Amer. Barrick Res.	14⅛	+⅛	—	—	—
123p	52p	♦Armeno	79p	+3	—	—	—
19⅝	14⅝	Bk. Montreal	15⅝	+⅛	$2.00	—	6.0
10½	745p	Bk. Nova Scot.	824p	−6	72c	—	4.0
20⅝	18	BCE	19½	.....	$2.40	—	5.7
10⅜	712p	♦Bow Valley	876p	+6	40c	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	2.1

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abercot Group 10p	405	......	3.5	2.7	1.2	43.6
45	28	Aberdeen Am Pet 10p	45	+2	—	—	—	—
130	110	Allied Ins. Brokers	125	+10	L3.5	2.5	3.9	14.5
83	61	Americaur Energy 10p	63		—	—	—	—
111	86	Andaman Res. 10p	98	+12	—	—	—	—
46	9	Ardmore Pet 'A'	23	......	—	—	—	—
285	102	Broadcast Comms.	222	−1	—	—	—	—
103	45	Catalyst Comms. 5p	92	−6	—	—	—	38.2
200	153	Chelsea Artisans 5p	153	−5	—	—	—	20.5
180	145	Comac Group 5p	145	......	—	—	—	—
151	47	Corton Beach 10p	128	+3	0.4	ϕ	0.4	ϕ
200	150	Crown Eyeglass 5p	160	+2	—	—	—	—
62	18	Eglinton Oil Ir.5p	28	−1	—	—	—	—
41	17	Do. Warrants	18	......	—	—	—	—
186	101	Far East Res. 10p	140	−1	—	—	—	—
75	55	Gardner (J.) 5p	73	......	R1.25	2.3	2.3	25.3
87	70	Lyon Tech. 5p	70	−5	b—	—	—	8.0
82	17	Publishing Hldgs.5p	67	+2	—	—	—	38.8
7650	45½	Theme Holdings	81	+8	1.0	1.9	1.7	43.4
153	140	UPL Group 10p	140	......	L2.41	2.8	2.4	—
140	111	Vinh Group	140ϕ	......	R4.6	2.5	4.5	10.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ϕ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −
Albany Inv 20p	93	+2
Craig & Rose £1	588	......
Finlay Pkg. 5p	112	......
Holt (Jos) 25p	1005	......
IoM Stm. £1	163	+5
IRISH		
Fund 11¼% 1988	£100¼	......
Nat. 9¾% 84/89	£97¼	......
Fin. 13% 97/02	£103¾	......
Arnotts	345	−40
CPI Hldgs	90	+5
Carroll Inds.	165	......
Dublin Gas	15	......
Hall (R. & H.)	130	......
Heiton Hldgs.	51xd	......
Irish Ropes	205	......
Unidare	430xd	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	20
BAT	55
BOC Grp	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	50
Blue Circle	50
Boots	25
Bowaters	50
Brit Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	200
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	10
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	110
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* New time dealings may take place from 9.00 am two business days earlier.

Equities continue their recovery but Government securities ease with sterling

The recovery in the UK stock market was taken a stage further yesterday although retail support remained disappointingly thin. The rise in equities, whichh restored market indices to the levels last seen just before confidence was jolted by last week's announcement of the UK bank lending figures for July, contrasted withh a weak Gilt-edged sector.

Equities opened lower after Wall Street's overnight fall, but soon turned upwards as London sensed that firmness in oil shares would help the New York market. At the close, the FT-SE 100 Index showed a gain of 23 points at 2,248.1. The FT Ordinary Index at 1,768.5 gained 16.4.

Weakness in sterling, which helped to unsettle Government bonds, assisted the big exporting stocks. But overall, there was little investment support behind equities, and the chart analysts regard FT-SE 2260-65 as a testing barrier.

While medium-term views of domestic interest rates remain mixed, revived confidence that rates will hold steady in the near term, helped property and insurance stocks.

The financial sector moved higher also, with merchant banks enlivened by the £338m bid for **Guinness Peat** from Equiticorp, thhe New Zealand group.

Oil shares recovered poise as predictions by City analysts that Opec will fight to reinstate the $18 a barrel oil price were backed by news that three of the smaller oil producing countries will meet in Vienna early next month. Anticipating a firm opening on Wall Street, **British Petroleum** and **Shell** moved higher in London.

Glaxo softened after Salomon Bros warned clients that sentiment towards the shares might be rattled early next month when both Merck and Eli Lilly, two major US rivals, expect favourable developments regarding their respective anti-ulcer drugs.

Beecham and **Fisons** also eased as the major international funds kept away from thhe market. But gains were widespread among the UK industrial stocks. The renewed weakness in the US dollar broughht some demand for gold mining issues, with **Consolidated Gold Fields** and **RTZ** again to the fore.

The Gilt-edged market opened lower, unsettled both by the weakness in sterling and by the vote for industrial action by Britain's National Union of Mineworkers.

Wile there was little downward pressure on bonds—trading was mostly intra-dealer shuffling of small parcels of stock—the sector looked unsupported. Renewed weakness in te pound late in the session left long-dated bonds ⅝ off, and looking uneasy ahead of the market's openend this morning.

BAT Industries soared to 675p in very late trading on reports of another product liability ruling in the US favourable to the tobacco industry.

Merchant bank **Guinness Peat** saw its shares inch up to 112½p, before closing a net penny up at 111½p following news that New Zealand group Equiticorp had boosted its stake to 35.5 per cent via the purchase of ICG Chemie-Handelsgesellschaft's of West Germany 5.6 per cent, thereby triggering a full scale bid of 110p a share. The bid values Guinness Peat at £338.4m.

Dealers said the fact that the shares moved up to 112½p at one point indicated hopes of a counter bid but believe that any counter is unlikely to be much above 120p a share.

Amstrad made rapid progress, closing 8 higher at 171p after a turnover of 5.4m shares; Mike Whitaker of Chase Manhattan Securities said his company were aggressive buyers of the stock ahead of the preliminary figures expected early in October, and were optimistic about the launch of the company's new products.

Chase was also enthusiastic about **Apricot Computers** after a lunch with company representatives: Apricot shares rose 4 to 122p.

Cable & Wireless, on the other hand, dropped 11 to 419p as analyst Barry Dargan of securities house Phillips and Drew issued a sell recommendation on the stock; turnover here was in excess of 7m shares.

Ferranti were an uncertain market and drifted back 4 to 125p: Scrimgeour Vickers confirmed yesterday that they were maintaining their cautious view of the stock and the rest of the defence industry.

TI Group dipped to 375p in immediate response to news of the company's acquisition of Crane U.S.A., but subsequently recovered to close only a penny easier on the day at 386p. Crane is claimed to be the largest producer in the world of mechanical seals.

As part of the deal TI has had to bid for Crane's parent company Houdaille, but intends to sell off the unwanted businesses. The purchase price is to be financed by a vendor placing of around 19.6m shares and a cash placing of just over 7.1m shares at the common price of 348p per share.

Bank stocks made further strong progress—dealers said persistent but usually modest buying interest found the market short of stock—and moved ahead across the board.

NatWest raced up 16 to 739p while similar rises were seen in **Lloyds**, 360p and **Barclays**, 575p.

Standard Chartered, still surrounded by talk of a full bid and subsequent break up of the bank, put on 16 to 814p. **Bank of Scotland**, reflecting the thinness of the market, spurted 19 to 572p followed by **Royal Bank**, up 5 at 402p. Merchant banks, apart from **Guinness Peat**, were generally neglected, but **Kleinworts** leapt 11 to 580p.

Insurances remained a firm market. Life assurance issues staged another broad advance led by **Abbey Life**—where B2W remained an aggressive buyer—which moved up 9½ to 293½p. **Pearl** jumped 16 to 383p ahead of today's interim figures where estimates of pre-tax profits range from around £20m to £22m. Traders said there were a number of country buying orders in **Pearl**, which is regarded as one of the prime bid targets in the sector. **Equity and Law** hardened 3 to 325p, on talk of further buying by down-under interests while renewed rumours of the possibility of a bid from TSB lifted **London and Manchester** a couple of pence to 316p. In composite insurances **Royals** moved up 11 more to 514p. **Guardian Royal Exchange**, with figures expected next week, added 10 at 968p.

Allied-Lyons led Breweries higher, rising 11 to 422p as Hiram Walker sold its 12 per cent stake in Bacardi for $200m. Dealers also reported improved demand for **Whitebread A**, 6 up at 337p, and **Bass**, finally 21 to the good at 934p. Regionals featured Llanelli-based **Buckleys** which spurted 14 to 182p amid a lively if highly speculative trade on hopes of an increased offer from Brodian, the nominee company representing Peter Clowes and Guy Cramer. Brodian's original offer of 175p cash per share has failed to win the backing of Whitbread which holds almost 22 per cent of the Welsh brewery.

Selective support was forthcoming for leading Building descriptions and, with stock in short supply, prices made further useful headwey. **Blue Circle**, reporting shortly, rose 11 to 485p, while **Rugby Portland Cement** gained a similar amount to 246p. **Marley** attracted buyers ahead of tomorrow's half-timer and put on 4 to 181p, while **Tarmac** met with occasional buying interest and rallied 10 to 292p. **Robert M. Douglas** responded to excellent preliminary results with a gain of 29 at 320p, but **Alfred McAlpine** shed 8 to 554p following interim profits at the lower end of market estimates. Recently oversold **Wilson (Connolly)** rebounded 23 to 372p; the half-year figures are due next Wednesday. **Magnet and Southerns** continued to give ground in the wake of a series of brokers' downgraded profits estimates and th close was off 9 at 263p, a two-day fall of 65.

Second-line Chemicals responded to scattered support, **Allied Colloids** rising 12 to 307p and **Rentokil** 7 to 223p. **Wardle Storeys** rose 10 afresh to 790p, while **Laporte** firmed 12 to 532p. **Foseco**, an old takeover favourite, moved up 8 to 295p. Elsewhere, **ICI** edeged up ⅛ to £15¼.

Among the Engineering leaders **Hawker** firmed 3 more to 602p amid continuing BTR bid hopes. **Thomas Robinson**, the fast expanding mini conglomerate, eased a penny to 594p following the agreement to acquire W. J. Furse and Crown House Zest from Coloroll for a consideration of approximately £10m. **Coloroll**, however improved 7 to 315p. Recent high flyer **Downibraestood** out with a further gain of 16 at 156p, while **Glynwed**, awaiting today's interim figures, improved 7 further to 562p.

ASDA-MFI were excited by the announcement that Mr Derek Hunt had confirmed the intention of the MFI management team to mount a bid for the MFI business and the price rosse 7 to 201p; Mr Hunt has resigned his position as a director of ASDA-MFI, but continues as chairman of MFI; the result of the tender offers for MFI is expected within the next couple of weeks. Among other Retailers, **Dee Corporation** made fresh progress to 234p on vague takeover speculation before easing back to close only 6½ higher on balance at 231½p. **Cadbury Schweppes** added 3½ to 269½p ahead of figures due shortly, while **United Biscuits** picked up 5 at 322p following reports of a badly handled buying order. **Dalgety**, on the other hand, ran into profit-taking and slipped 7 to 379p, but **Tate and Lyle** were steady at 847p. **Borthwick** attracted a flurry of buying interest and closed 6½ higher at 80p.

Hanson Trust, up 1½ at 191½p, were actively traded (some 13m shares changed hands) following the announcement of the third-quarter figures which were much in line with market expectations. Other miscellaneous industrial leaders, however, traded on a relatively quiet note before closing slightly better on the day.

Elsewhere, **Pentland Industries**, dipped 17 to 230p on slightly disappointing interim figures and the absence of any acquisition news. **Scottish Heritable** improved 8 to 263p in belated response to the purchase of a 19 per cent stake in Washington Homes, a US housebuilder. Recent press mention continued to benefit **Airsprung**, up 9 further at 216p, while **MY Holdings** firmed 4 to 80½p following the sale f Haley Weller for £800,000. **British Aerospace** took the previous day's revival a stage further with a rise of 10 at 487p, while **British Airways** were a lively market (5m shares) and improved 5 further to 205p. **Hestair**, still responding to favourable press comment, advanced 20 further to 389p. Late demand left **BET** 12 to the good at 277p.

Shandwick, assisted by the US public relations expansion moves, improved 10 to 580p. Further occasional demand left **VIP** up 18 more at 546p, while US favourite **Saatchi and Saatchi** firmed 19 to 684p in a small volume of business.

The Property sector featured **Hammerson A** which forged ahead on a combination of institutional and speculative buying to close 44 higher at 652p. **MEPC** were also in demand amid revived takeover speculation and closed 25 higher at 527p, while **Land Securities** rose 14 to 537p. Support was also forthcoming for **Peachey**, finally 15 higher at 423p and **Slough Estates**, 10 up at 267p; the latter's interim results are due next Wednesday. Elsewhere, **Southend Stadium** moved up 17 to 220p in a restricted market.

Shippings continued to highlight sector leader **P & O Deferred** which rose 16½ for a two day gain of 25 to 674p reflecting persistent interest in front of the pending mid-term results. Revived hopes of imminent news regarding the planned re-development of Liverpool's Princes and Waterloo dock areas stimulated further demand for **Mersey Docks** Combined Units which settled another 16 to the good at 219p.

A strong rally by crude oil prices—Brent for October delivery spurted 50 cents a barrel at one point before closing a net 35 cents higher—followed news that two OPEC committees which monitor output and prices are to meet in Vienna on September 7.

British Gas rose 2 to 171p on a turnover of shares, while **BP** added 8 to 349p. **Britoil** advanced 11 to 319p, **LASMO** 14½ to 330½p and **Enterprise** 5 to 283p.

Overseas Traders displayed a firmer profile. **Lonrho**, regarded as "oversold" by some marketmakers, hardened a few pence to 293p. **Inchcape**, scheduled to reveal interim figures in the next month or so, put on another 8 to 788p, a rise that prompted a sympathetic gain in **Harrisons and Crosfield**, finally 9 up at 658p. **James Finlay** were also firm, at 117p, amid vague talk of a stakebuilding exercise taking place, but recent bid favourite **Ocean Wilsons** eased a couple of pence to 116p following the disclosure that Al Dahlawi of Jeddah now controls just over 8 per cent of the equity.

Traded Options

British Gas returned to the limelight in traded options, recording 5,418 calls, 3,025 in the October 200 series, as operators established positions ahead of the group's interim results which are scheduled for November 19. Hanson Trust were also popular with the pleasing third-quarter figures providing an extra spur to business; Hanson attracted 2,790 calls, 1,417 in the September 180's. BP contributed 2,596 calls, just over 1,000 of which were done in the October 390's, and 361 puts. Electricals were in demand with Racal recording 1,591 calls, most of which were transacted in the November 330's, while Cable and Wireless, the subject of a bearish circular from Phillips and Drew, attracted 1,212 calls and 841 puts. Total contracts struck amounted to 38,694.

Traditional Options

- First dealings Aug 17
- Last dealings Aug 28
- Last declaration Nov 19
- For Settlement Nov 30

For rate indications see end of London Share Service

Stocks to attract money for the call included **Hanson Trust**, **Boots**, **Lonrho**, **Dee Corporation**, **TSB**, **North Kalgurli**, **Barker and Dobson**, **Martin Ford**, **Amstrad**, **Fitzwilton**, **Bula Resources**, **Executex**, **Charterhall**, **GKN**, **Sound Diffusion**, **Wm Morrison Supermarkets**, **H. Samuel**, **Hawley Group**, **CI Group**, **Randsworth**, **Clyde Petroleum**, **Rotaprint** and **Unigate**.

FINANCIAL TIMES STOCK INDICES

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.29	85.55	85.23	85.11	86.18	89.74	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.29	92.19	92.48	92.82	93.71	95.48	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1768.5	1752.1	1727.2	1,700.2	1,712.4	1,276.6	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	424.2	416.5	418.8	429.3	422.9	246.0	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.26	3.29	3.34	3.39	3.37	4.33				
Earnings Yld.%(full)	8.01	8.07	8.19	8.31	8.37	10.47				
P/E Ratio (net) (*)	15.34	15.22	15.00	14.78	14.63	11.64				
SEAQ Bargains (5 pm)	33,613	40,534	43,885	37,877	31,858	–				
Equity Turnover (£m)	—	898.51	1,083.14	1,788.82	1,435.65	404.42				
Equity Bargains	—	45,993	46,525	39,844	37,723	18,535				
Shares Traded (ml)	—	—	591.0	475.2	464.6	181.9				

S.E. ACTIVITY

Indices	Aug. 24	Aug. 21
Gilt Edged Bargains	108.5	117.8
Equity Bargains	298.0	301.5
Equity Value	1816.1	2189.3
5-Day Average		
Gilt Edged Bargains	110.6	110.2
Equity Bargains	269.5	263.9
Equity Value	2721.4	2832.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1758.8	1753.7	1764.2	1766.1	1767.1	1767.4	1769.3

Day's High 1770.7 Day's Low 1749.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.08

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (67)

CANADIANS (1), BANKS (1), BREWERS (1), BUILDINGS (3), CHEMICALS (1), STORES (2), ELECTRICALS (3), ENGINEERING (3), FOODS (5), INDUSTRIALS (14), INSURANCE (1), LEISURE (2), MOTORS (1), PAPERS (3), PROPERTY (2), TEXTILES (1), TRUSTS (19), OILS (1), MINES (3).

NEW LOWS (6)

BRITISH FUNDS (1) Treas 3pc 1992 CORPORATION LOANS (1) LCC 6¾pc '20 Aft AMERICANS (1) BASIX Corp BANKS (1) MCorp CHEMICALS (1) Novo Inds. 'B' TOBACCOS (1) BATS Inds 12¼pcLn

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,700	201	+7	Ladbroke	1,100	451	+1
Allied Lyons	2,700	422	+11	Land Securities	1,200	537	+14
Amstrad	5,400	171	+8	Legal & Gen.	2,000	307½	+3½
Argyll Group	1,000	433	+8	Lloyds Bank	2,200	360	+15
Assoc. Brit. Foods	611	361	−1½	Lonrho	416	293	+2
BAT	1,300	644	+5	Lucas	399	722	+2
BET	1,100	277	+12	MEPC	1,700	527	+25
BICC	368	374	+3	Marks & Spencer	3,500	235	−½
BOC	354	531	+2	Midland Bank	1,700	459	+4
BPB Inds	1,000	375	+1	Natwest Bank	1,600	739	+16
BPCC	2,200	351	+5	Next	847	332	+8
BTR	1,600	338	+5	Pearson	591	747	+5
Barclays	1,900	575	+15	P & O	1,800	674	+16½
Bass	496	934	+21	Pilkington Bros	2,400	300	+5
Beecham	1,400	536	−3	Plessey	5,500	195	+2
Blue Circle	1,000	485	+11	Prudential	630	991	+8
Boots	1,200	308	+2	Racal	6,650	317	+½
Brit. Airways	5,000	205	+5	Rank Org.	63	712	—
Brit. Aero	2,200	487	+10	RHM	1,200	340	−2
Brit. & Comm.	554	485	—	Reckitt & Col	303	£11¼	−⅛
British Gas	6,500	171	+2	Redland	895	508	+17
Britoil	5,900	319	+11	Reed Intl.	1,100	498	+4
BP	18,600	349	+8	Reuters	693	870	+5
Brit. Telecom	3,130	267	+½	RMC	350	479	+11
Burzl	806	251	+11	RTZ	538	£12⅛	+⅜
Burton	3,000	296	+2	Rolls-Royce	7,400	111	+1
Cable & Wire	7,100	419	−11	Rowntree	656	580	+5
Cadbury Schwps	3,400	269½	+3½	Ryl Bank Scotland	471	402	+5
Coats Viyella	912	364	+14½	Royal Insurance	2,300	514	+11
Comm. Union	2,100	358½	+4½	STC	3,000	288	−1
Cons. Gold	244	£13⅞	+⅛	Saatchi & Saatchi	540	664	+19
Cookson	221	764	+6	Sainsbury	578	268	+3
Courtaulds	705	472	+5	Scott & Newcastle	356	250	+2
Dee Corpn	6,000	231½	+6½	Sears	8,900	162	−5
Dixons Group	1,500	342	+5	Sedgwick	631	309	−3½
English China Clays	748	481	+6½	Shell Trans	2,300	£13½	—
Fisons	4,500	342	−1	Smith & Nephew	2,000	169½	+2
Gen. Accident	471	953	+10	Standard Chart	651	814	+16
Gen. Elect	5,000	212	−3	Storehouse	6,300	396	+7
Glaxo	408	£17⅞	−⅛	Sun Alliance	301	956	+6
Globe Investment	540	179	−½	TSB	1,600	80½	+½
Granada	422	320	+3	Tarmac	2,900	292	+10
Grand Met	2,500	540	+6	Tesco	4,400	182	+4
GUS "A"	267	£12¾	+¼	Thorn EMI	842	675	+5
Guardian R.E.	492	968	+10	Trafalgar House	813	381	+1
GKN	2,300	386	+1	T'house Forte	2,200	251	−1
Guinness	996	37	+3	Ultramar	4,200	265	+5
Hammerson	1,800	652	+44	Unigate	1,700	405	—
Hanson Trust	13,000	191½	+1½	Unilever	405	640	+1
Hawker Sidd.	1,200	602	+3	United Biscuits	2,600	322	+5
Hillsdown Hldgs	840	321	+4	Wellcome	764	442	−2
ICI	1,000	£15¼	+⅛	Whitbread "A"	1,700	337	+6
Jaguar	386	567	+2	Woolworth	498	355	+4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	105	7
Corporations, Dominion and Foreign Bonds	6	17	33
Industrials	632	285	659
Financial and Properties	222	91	295
Oils	39	26	50
Plantations	3	2	9
Mines	77	26	87
Others	77	85	108
Totals	1,057	637	1,248

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday August 25 1987

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon August 24 Index No.	Fri August 21 Index No.	Thurs August 20 Index No.	Year ago (approx.) Index No.
1–68	[illegible]										
69	Property (47)	1240.88	+2.8	3.85	2.38	33.57	13.34	1206.82	1185.31	1181.07	766.11
70	Other Financial (28)	550.51	+0.3	6.12	2.79	20.69	7.91	548.93	546.92	543.77	344.61
71	Investment Trusts (91)	1130.34	+0.1	—	2.13	—	13.02	1129.12	1127.92	1120.41	784.87
81	Mining Finance (2)	633.85	+1.3	5.33	2.62	21.57	6.79	625.81	623.97	635.11	275.92
91	Overseas Traders (10)	1167.32	+0.7	7.80	4.03	15.21	29.58	1159.39	1153.24	1146.00	637.85
99	ALL-SHARE INDEX(722)	1144.71	+0.9	—	3.12	—	19.00	1134.37	1125.31	1114.81	798.38

	Index No.	Day's Change	Day's High	Day's Low	August 24	August 21	August 20	August 19	August 18	Year ago
FT-SE 100 SHARE INDEX ‡	2248.1	+23.0	2251.8	2220.8	2225.1	2205.8	2185.3	2197.6	2224.8	1616.2

FIXED INTEREST

	PRICE INDICES	Tues August 25	Day's change %	Mon August 24	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.02	−0.13	120.17	—	7.45
2	5-15 years	132.98	−0.43	133.55	0.00	9.66
3	Over 15 years	140.95	−0.45	141.59	—	8.81
4	Irredeemables	154.53	−0.73	156.86	1.18	8.46
5	All stocks	130.98	−0.34	131.44	0.01	8.83
	Index-Linked					
6	5 years	120.22	−0.11	120.36	—	2.18
7	Over 5 years	111.73	−0.20	111.96	—	2.40
8	All stocks	112.27	−0.19	112.49	—	2.37
9	Debentures & Loans	114.01	−0.71	114.82	—	6.93
10	Preference	84.28	−0.47	84.67	—	3.80

	AVERAGE GROSS REDEMPTION YIELDS		Tues August 25	Mon August 24	Year ago (approx.)
	British Government				
1	Low	5 years	9.65	9.59	8.28
2	Coupons	15 years	9.91	9.85	9.11
3		25 years	9.91	9.85	9.14
4	Medium	5 years	10.49	10.41	9.43
5	Coupons	15 years	10.21	10.14	9.41
6		25 years	9.97	9.91	9.30
7	High	5 years	10.58	10.50	9.53
8	Coupons	15 years	10.37	10.30	9.57
9		25 years	10.00	9.94	9.42
10	Irredeemables †		9.93	9.86	9.14
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.16	3.12	3.48
12	Inflat'n rate 5%	Over 5 yrs	4.05	4.03	3.49
13	Inflat'n rate 10%	5 yrs	3.04	2.99	2.16
14	Inflat'n rate 10%	Over 5 yrs	4.03	4.01	3.32
15	Debs &	5 years	11.57	11.34	10.10
16	Loans	15 years	11.50	11.35	10.29
17		25 years	11.43	11.36	10.33
18	Preference †		10.86	10.81	10.79

‡ Opening index 2220.9; 10 am 2234.6; 11 am 2239.9; Noon 2241.9; 1 pm 2245.5; 2 pm 2245.2; 3 pm 2248.0; 3.30 pm 2246.5; 4 pm 2248.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: Holt Lloyd International (42) and Lloyd (F. H.) Holdings (8) have been deleted and replaced by Hogg Robinson (41) and Triplex (8).

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*415)	390	38	50	60	8	13	18
	420	21	33	45	20	28	33
	460	6	18	27	50	55	60
Brit. & Comm. (*484)	460	43	55	68	17	20	22
	500	22	35	50	30	37	40
	550	8	18	30	67	70	70
Remaining series	[illegible]						

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Guinness (*356)	330	42	48	55	9	15	17
	360	20	32	40	20	28	32
	390	10	18	—	37	43	—
Ladbroke (*452)	403	57	—	—	6	—	—
	420	—	57	67	—	15	20
	443	30	—	—	20	—	—
	460	20	35	45	28	33	38
Remaining series	[illegible]						

August 25. Total Contracts 38,694. Calls 29,518. Puts 9,176. FT-SE Index Calls 1,035. Puts 2,039 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices August 25

MONTREAL

Closing prices August 25

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO

MONTREAL Portfolio

NYSE-Consolidated 1500 Actives

LONDON – Most Active Stocks

Tuesday, August 25, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
BP	18.6m	349	+ 8	ASDA-MFI	6.7m	201	+ 7
Hanson Tr.	13.0m	191½	+ 1½	Racal	6.6m	317	+ ½
Sears	8.9m	162	– 5	Brit Gas	6.5m	171	+ 2
Bls Byce	7.4m	111	+ 1	Stenhouse	6.3m	396	+ 7
Cble & Wire	7.1m	419	–11	Dee Corp	6.0m	231½	+ 6½

TOKYO – Most Active Stocks

Tuesday, August 25, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Kawasaki Steel	44.46m	318	+ 5	Yodogawa Steel W	13.37m	1,810	+ 23
Nippon Steel	28.82m	349	+ 1	Japan Line	11.07m	255	+ 3
Nisshin Steel	25.55m	585	+ 18	Sumitomo Metal	10.13m	255	+ 4
Gunze	16.46m	1,130	+ 60	Mitsubishi Heavy Ind.	10.07m	611	– 11
Ricoh	16.21m	1,380	+ 50	Mitsubishi Petroleum	9.97m	1,020	– 18

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES:

ASDA-MFI	201	+ 7
Abb. Life	293½	+ 9½
All-Lyons	422	+11
Amstrad	171	+ 8
BAT Inds	675	+36
Barclays	575	+15
Bl.Circle	485	+11
Brit. Aero.	487	+10
BP	349	+ 8
Britoil	319	+11
Bucks Brew.	182	+14
Cons. Gld Flds	£13⅝	+⅝
Douglas (R.M.)	220	+29
Downiebrae	156	+16
Hammerson A	652	+44
Hestair	389	+20
Lloyds Bnk	360	+15
Lasmo	330	+14
MEPC	527	+25
Mersey Dk Units	219	+16
NatWest Bnk	739	+16
Pearl	383	+26
P & O Defd	674	+16½
Rugby Gr	246	+13
Wilson (C.)	372	+23

FALLS:

Trs. 11¾pc 2003/07	£111⅞	– ⁹⁄₁₆
Cble & Wrless	419	–11
Pentland	230	–17

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 35

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¾	20⅝	AAR	s	.50	1.4	25	136	u37	36½	36¾	
51¼	22	ADT		.92	1.8	29	x2348	51⅛	50¾	50¾	−¼
31¼	16⅜	AFG	s	.16	.5	10	883	30	29	29⅝	+⅝
22⅜	8⅝	AGS	s			18	285	19⅝	18¾	19⅛	−¼
10⅞	6¾	AMCA					17	10¼	10¼	10¼	
9⅜	4⅞	AM	Intl				990	8⅛	8	8	−⅛
65½	50¼	AMR				13	4595	64⅛	63	63	−⅞
25	22¼	ANR	pf	2.12	9.4		5	22½	22½	22½	−½
12¼	8¼	ARX	s			12	853	12⅛	11⅝	11¾	−⅛
73½	32⅛	ASA		2a	3.1		496	64⅛	63½	63¾	−¼
20	9¾	AVX		.32	1.7	38	1488	19	18⅞	19	+⅞
67	41	AbtLab		1	1.5	26	6159	65⅝	64⅝	65¼	+1
28	24¼	Abitibi	g				48	26½	26⅜	26⅜	−¼
16¾	9¾	AcmeC		.40	2.6	16	65	15⅞	15⅜	15⅝	+¼
10½	6⅛	AcmeE		.32b	3.3	60	173	9¾	9¼	9⅝	
23⅞	19	AdaEx		3.42e	16.		116	21⅞	21⅝	21⅝	+⅛
19½	11⅝	AdmM	s	.24	1.7	11	50	15	14⅝	14⅝	−¾
27⅜	12⅝	AdvSys		.62t	2.3	20	399	27¼	26⅝	27⅛	+⅛
24½	12⅞	AMD					8717	22¾	22	22½	+¾
55	47	AMD	pf	3	5.3		128	u56⅝	55	56⅝	+1⅝
11⅞	5¼	Adobe					49	10	10	10	+⅛
20½	14¾	Adob	pf	1.84	9.3		25	19¾	19¾	19¾	−⅛
21⅞	17	Adob	pf	2.40	11.		10	21¼	21¼	21¼	
15	10⅝	Advest		.12a	1.0	9	x118	12⅛	11⅞	11⅞	
68¼	53	AetnLf		2.76	4.3	9	7435	64¼	63⅝	64	+¼
83½	28½	AflPb	s	.32	.4	22	1122	74¾	70½	72⅝	−2⅛
26⅞	16⅝	Ahmans		.88	4.0	8	17245	22½	21⅞	22¼	+½
5⅝	2⅞	Aileen					46	3½	3⅜	3½	+⅛
[illegible]											

Continued on Page 35

هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13⅝	11¼	OpnhCp				183	11⅞	11¼	11½	−⅛
12½	5	OrngCo				29	10	9⅞	9⅞	
39½	27	OranRk	2.22	7.0	11	183	31⅜	31⅛	31¼	+¼
4	1½	Orient			6	32	3⅜	3¼	3¼	
35	20	OrionC	.76	3.4		1389	22¼	21⅞	22¼	+⅛
30⅞	21¼	OrionCpt	2.12	9.2		16	23½	23⅛	23⅛	−¾
16⅜	10¼	OrionP			23	647	14½	14	14⅛	−½
12⅛	8⅝	Orion pr	.50	5.2		128	10	9⅝	9⅝	−½
38	23⅛	OutbdM	.64	1.8	27	1188	35½	35	35⅜	+⅛
28½	18	OvShip	.50	2.0	19	93	25⅝	25	25⅜	+½
32⅝	8⅞	OwenCn			14	2109	26¾	26¼	26½	+¼
18⅝	10	OxfdF s	.24	1.5	11	26	15¾	15½	15¾	−⅝
19	13⅛	Oxford	.50	2.7	19	577	18½	18⅛	18¼	−¼
		P Q								
45	29⅛	PHH	1.08	2.6	18	396	42¼	42⅛	42⅛	−⅛
53½	31¾	PPG s	1.08	2.3	16	5334	48⅝	47¼	47½	−¼
17⅝	14¾	PacAS	1.54	10.		23	15¼	15	15	
27½	19	PacGE	1.92	9.3	12	2702	20⅞	20⅝	20⅝	+⅛
60⅝	45	PacLtg	3.48	5.8	14	493	59⅞	59	59¾	+⅝
17⅝	13	PacRes	.10e	.8	23	94	13½	13¼	13¼	
27	23	PacRs pf	2	8.5		66	23⅝	23½	23½	+⅛
20¼	13	PacSci	.40	2.1	34	33	18¾	18½	18¾	+⅜
31⅝	22½	PacTels	1.64	5.1	13	8193	u32⅛	31¼	31⅞	+⅜
39	31⅞	Pacificp	2.52	7.0	10	819	35⅞	35⅜	35⅞	+¼
26⅞	12⅝	PacoPh			11	149	13⅛	12¾	13	−⅛
39⅛	26	PainWb	.52	1.5	12	1685	35½	34⅞	35	−⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅝	12⅝	Zero	.36	1.8	20	108	20⅛	19⅞	20	−⅛
30¾	17½	Zurmin s	.88	2.4	19	330	28½	28¼	28⅜	
10⅝	8¾	Zweig	n.65e	6.6		1488	10⅛	9⅞	9⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 33

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Eager buying greets dollar's improvement

WALL STREET

A RESPITE for the dollar was enthusiastically received on Wall Street yesterday, with equities bounding ahead after mid-morning hesitance while bonds gave a positive if more muted response, *writes Gordon Cramb in New York.*

The Dow Jones industrial average closed 25.35 higher at a record 2,722.42.

The market took to heart a hint by Mr Kiichi Miyazawa, the Japanese Finance Minister, that intervention to stem the rise in the yen might be forthcoming, along with his observation that most Japanese companies ought to be content with a dollar rate of Y150.

Advances led declining issues by 1,008 to 572 in heavy volume of 215.7m shares. The broader Standard & Poors 500 index advanced 3.34 to end at 336.7 as institutional buying, absent on Monday, returned with some vigour.

This was widely spread but with one notable exception – IBM held stubbornly $2¾ lower at $172 in volume of more than 2m units, its dullness linked to unfavourable comments from at least one broker.

IBM's weakness held back what would otherwise have been a rather stronger gain for the Dow, although the blue chip barometer was assisted by Philip Morris and others in an exuberant tobacco sector.

Sharp jumps there were attributed to another court ruling setting back a suit which could have led to tougher health warnings on cigarette packets in the US. Morris's rise extended to $6¾ at $119¾. RJR Nabisco, at $68⅞, was $3⅝ higher and American Brands rallied $2¼ to $56⅝.

Reichhold Chemicals slipped back $½ before announcing that it had acquiesced to Dainippon Ink, with its closing price of $59⅝, up $1⅝. National Distillers and Chemical, which raced up $4½ on Monday amid expectations that it too was a takeover candidate, retreated $⅝ to $78⅝.

Newmont Mining jumped $4⅞ to $83¾, undaunted by the lower trend in base metal values. A belief grew that Consolidated Gold Fields of the UK, the largest shareholder with about 26.2 per cent, might be preparing moves of its own following the arrival on Newmont's share register of Mr Boone Pickens.

The oil sector responded to moves both within Opec and including North Sea producers aimed at more stable crude prices. Mobil ran up $¾ to $50¾, as did Chevron at $98¼.

Amoco, which impressed an analysts' meeting last week, put on $1⅛ to $82⅝ although this was still somewhat below its 52-week high of $91. Amoco's attempt to take over Dome Petroleum of Canada is still thought viable by some.

Deere found limited suppert after reporting a return to the black for the third quarter. It rose $⅞ at one stage before returning to its overnight $35. On the American Stock Exchange, Wickes, despite taking a charge for its second quarter, at $20¼ showed a rise of $2.

Bausch and Lomb, the optical products group, picked up $1⅜ to $45⅝. It has just been added to the recommended list at Oppenheimer & Co., and the stock appeared untroubled by SmithKline Beckman's acquisition of a contact lens producing capability in International Hydron. SmithKline shed $¼ to $65½ after dipping $¼ on Monday.

Atari, which is undertaking a $67m expansion of its electronics retailing presence with the purchase of the Federated Group, was off $⅝ at $12⅝.

McGraw Hill, the publishing group which has for some while been deemed a potential takeover candidate, showed one of the session's steepest rises, ahead $7 to $79½.

Credit markets took heart from the release of Commerce Department figures for durable goods orders in July. These were down 1.5 per cent after a rise of 2 per cent the previous month. The latest decline was attributed largely to a 4.8 per cent fall-off in defence procurement during the month, but the 1.2 per cent dip which remained once military spending was stripped out was regarded, on the back of a healthier dollar, as enough of a spur.

The benchmark long bond, the 8⅞ of 2017, added a half point or more to 99¹⁵⁄₃₂, more than recovering Monday's ⅛ point loss and yielding 8.93 per cent.

Firmer rates were to be found at the short end, tracking federal funds which at 6⅝ was very much to the top of its recent trading range. The Fed moved in as expected with $2bn in customer repurchases, which registered little if any impact.

Ahead of the market this week is an auction of two-year notes due today and a sale of five-year notes tomorrow. These are not expected to prove troublesome, but for the authorities provide a further factor inducing caution.

In the Treasury bill market three-month yields were nine basis points firmer at 6.39 per cent, with six-month rates at 6.47 per cent up six basis points.

CANADA

BUYING IN energy and industrial issues lifted share prices in Toronto and compensated for a wave of selling in gold and base metal stocks.

Nova topped the active list and gained C$¼ to C$11. Other actives included Placer Dome, down C$¼ at C$27½, and Moore which rose C$¼ to C$34.

Canadian Pacific advanced C$¼ to C$27⅞ despite the continuing strike by its rail workers.

Shell Canada gained C$2½ to C$48 and Gulf Canada was unchanged at C$23½.

EUROPE

Milan takes the brunt of investors wariness

INVESTORS in Europe continued to keep a watchful eye on the dollar's movements yesterday and the prevailing caution kept fluctuations within narrow margins. Domestic worries in Sweden and Italy sent prices lower.

Milan fell to yet another 1987 low as most sectors lost ground in moderate trading. The MIB index slid to 824, down 6, as economic worries and liquidity problems continued to weigh on investors.

A late sell-off eroded all the gains of the firmer opening and particularly hit the insurance sector and large holding companies. Generali lost L1,050 to L118,100 and Ras shed L310 to L55,000.

Stockholm ended a run of records to close lower amid concern about the six-month results of major Swedish companies after Ericsson announced a fall in its first-half profits. The telecommunications company declined SKr27 to SKr235 following the news.

The J&P index dropped 41.6 to 3,016.2 as investors stood back awaiting results from Electrolux and Volvo. The electronics group shed SKr5 to SKr315 and the car company was down SKr6 at SKr379.

Frankfurt slipped lower as a late sell-off by foreign investors erased most of the early gains. The weaker dollar subdued trading and offset expectations of a 2 per cent economic growth rate for 1987.

The Commerzbank index dipped 12.1 to 2,014.4 in moderate volume.

Most blue chips posted modest losses of less than DM5 but all sectors ended lower.

In cars, BMW went against the bearish trend and rose DM13 to DM768.

Bonds ended a quiet session narrowly mixed. The Bundesbank sold DM43.8m worth of paper after selling DM44.1m on Monday.

Amsterdam was boosted by the return of foreign investors who sought international issues despite the lower dollar and softer prices in New York on Monday.

The ANP-CBS, calculated at mid-session, eased 2.1 to 323.4 and did not reflect the late upturn in buying.

Royal Dutch Petroleum rebounded from a recent bout of profit-taking and rose Fl 2.50 to Fl 276.70. Chemical group Akzo gained Fl 2.90 to Fl 177.90

Zurich ended mixed to easier on continuing profit-taking after last week's advances. Share prices were also weakened by investor nervousness over the dollar's movements.

The Crédit Suisse index slipped 2.3 to 590.7 in light trading.

Paris saw a quiet, lacklustre day with prices ending slightly higher as investors were ecouraged by easier short-term market rates. The CAC index nudged up 1.4 to 416.9.

Oils drifted downwards on the weaker spot market. Banking, electrical and chemical stocks closed mixed.

Brussels moved lower on the first day of the new trading fortnight pushing the index down 24.54 to 5,356.47.

The energy sector showed the way lower. Ebes shed BFr30 to BFr5,150. Unerg was down BFr80 at BFr3,155 and Petrofina halted a spate of gains and gave up BFr100 to close at BFr14,075.

Oslo fell on reports of overproduction by OPEC and news that the Government may try to introduce a share turnover tax. The all-share index lost 6.90 to 388.74.

Madrid firmed in active trading.

LONDON

AFTER a lower opening, UK equities turned upwards as the market sensed that firmer oil shares would lift Wall Street.

Weakness in sterling, which helped to unsettle government bonds, boosted the big exporters. The FT-SE 100 index rose 23 to 2,248.1 and the FT Ordinary index gained 16.4 to 1,768.5.

Merchant banks were enlivened by the £338m bid for Guinness Peat from Equiticorp, the New Zealand group.

The gilt-edged sector saw long-dated issues close ⅛ lower.

Details, Page 32

Merger proposed for Philippine exchanges

BY ROGER MATTHEWS IN MANILA

PUBLIC HEARINGS are to begin in Manila next week on a proposal by the Philippines Securities and Exchange Commission (SEC) for a merger between the country's two stock exchanges.

Although small by international standards, the Manila and Makati exchanges have enjoyed a considerable increase in business during the past 12 months with volume and market capitalisation rising sharply.

"It is important both in terms of future growth and increased efficiency that the two exchanges should merge," Mr Monico Jacob, the commissioner of the SEC, said yesterday.

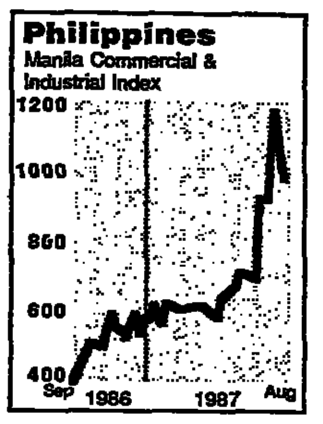
"It is something which we have been urging for the past 10 years. Since the revolution last year the markets have become much more attractive places, but I am sure that they could do even better if they came together and would prove of greater interest to foreign investors."

The Manila exchange, established in 1927, and the Makati exchange, which began operations in 1965, list identical shares as a result of a uniform listing agreement. Any application filed and approved on one exchange automatically qualifies a company to have its shares listed on the other.

The Makati exchange has historically enjoyed a greater volume of business and has a larger number of registered brokerage members. However, since last year's overthrow of President Marcos, the Manila exchange has been the quicker to revive

Foreign brokers are also beginning to make their presence felt with Vickers da Costa about to start trading alongside others such as James Capel, First Pacific and Sun Hung Kai of Hong Kong.

The SEC has welcomed the interest of foreign brokers, believing that they encourage greater professionalism among local houses and will improve the quality of research and flow of information about listed companies.



So far, at least, there is little indication of resentment among long-established local brokers. "The cake is getting so much bigger so quickly that everyone's slice is improving," said one broker.

The SEC cannot be entirely confident that it will be successful in its bid to get the two exchanges to merge. Its decision to hold public hearings and to ask for submissions from all interested parties reflects both the battle it has to wage against those happy with the status quo and the requirement in today's Philippines to be seen to be democratic.

"The SEC cannot just dictate. It has to get public opinion on its side if it is to win," said a broker. "There has long been a clash of personalities at the senior levels of the two exchanges. People like doing business with their friends and do not see why that should change. It is like two clubs.

"But it really is rather ridiculous, especially from the investor's point of view, when the same stock closes at one price on the Manila exchange and at another price on the Makati."

Mr Eduardo Lim, for 10 years president of the Makati exchange, agreed yesterday that greater market efficiency was desirable although he declined to endorse the merger proposal, saying his views would be reserved until the public hearings.

ASIA

Nikkei slips as Singapore peaks

TOKYO

CONTINUING UNCERTAINTY on the foreign exchange market kept investors on the sidelines in Tokyo yesterday and sent share prices down further, *writes Shigeo Nishiwaki of Jiji Press.*

However, small-lot buying pushed up high-technology stocks and biotechnologies.

The Nikkei stock average fell 110.94 to 25,643.39 on lacklustre trading of 649.09m shares, compared with Monday's volume of 624.83m. Losers outnumbered advances by 492 to 406, with 149 issues unchanged.

The yen traded around 142 to the dollar following Monday's intervention by the Bank of Japan when it bought more than $200m on the Tokyo foreign exchange market.

Many investors are expected to buy consumer stocks if the yen's appreciation accelerates but if the currency goes down the emphasis would switch to high-tech issues.

The exchange rate stability after the bank's intervention made it more difficult for investors to decide which issues to buy. In the event, they sought smaller steels and incentive-backed stocks for quick profits.

Yodogawa Steel fluctuated within a wide range of Y961 to Y1,040 on a large turnover of 13.37m shares. Speculators believed the firming steel market would improve the company's business. It closed Y23 higher at Y1,010.

Toyo Seikan Kaisha also rose Y150 to Y2,730, but Yamato Kogyo, which advanced Y180 on Monday, turned down Y10 to Y1,370. Nippon Yakin Kogyo was unchanged at Y680.

Gunze, the textiles, hosiery and underwear company, was in demand and rose Y60 to Y1,130 on an active turnover of 16.45m shares.

However, Nippon Oil and Fats, which advanced Y80 on Monday, fell Y50 to Y1,500.

Some high-tech issues gained ground on active buying by leading brokerage houses. Ricoh, regarded as a laggard among high-tech stocks, added Y50 to Y1,300, while Hitachi rose Y30 to Y1,250 and Fujitsu was up Y10 to Y1,280. Matsushita Electric Industrial advanced Y30 to Y2,440 and Fuji Photo Film was Y40 higher at Y4,590, but their trading volume was low.

Biotechnologies also gained with Chugai Pharmaceutical increasing Y40 to Y2,080 on speculation that there would be new drug announcements at pharmacological meetings early next month. Kaken Pharmaceutical and Green Cross were Y40 and Y20 higher, respectively, at Y2,020 and Y3,150, while Eisai finished at Y2,390, up Y80.

Among large-capitalisation steels and shipbuildings, Kawasaki Steel rose Y5 to Y310. It topped the active list, but the turnover of 44.46m was lower than in past days. Nippon Steel added Y1 to Y349 and Nisshin Steel advanced Y10 to Y505, also in quiet trading.

Utilities continued to decline. Tokyo Electric Power fell Y70 to Y6,700 and Tokyo Gas was off Y20 at Y1,110. Properties and contractors also dipped. Mitsubishi Estate suffered a Y70 setback to Y2,630 and Ohbayashi declined Y20 to Y1,030.

On the bond market, the bellwether 5.1 per cent government bond due in June 1996 opened at a yield of 4.350 per cent, down from Monday's 4.400 per cent, mirroring the yen's overnight rise to the $141 level in New York.

When the currency eased to the $143 range in Tokyo this triggered selling by dealers, and the yield rose to close at 4.480 per cent in block trading on the Tokyo stock exchange. Later in inter-dealer trading, it turned down again to end at 4.430 per cent.

Leading up to the settlement of a business term at the end of September, institutional investors have been shying away from the market and bond prices have been fluctuating violently amid speculative trading by dealers, according to market sources.

HONG KONG

PROPERTY and utility shares led Hong Kong in a hefty rebound, wiping out Monday's losses as the Hang Seng index rose 56.04 to 3,447.30 in lower turnover.

The market's volatility was attributed partly to the spate of corporate results and the expiry of the August Hang Seng index futures contract tomorrow.

Hongkong Bank rose 30 cents to HK$10.30 in advance of higher interim profits, while Hongkong Electric rose 5 cents to HK$9.35 before its higher results.

AUSTRALIA

FIRMER commodity prices helped a recovery in Sydney resources stocks and the industrial board continued to climb, taking the All Ordinaries index 17.2 higher to 2,102.5.

Media issues were again in the limelight as John Fairfax added a further 36 cents to A$6.60 on speculation about a possible takeover attempt by TNT or Bell Group. It has climbed 64 cents so far this week. News Corp rose 70 cents to A$22.60 and TNT 6 cents to A$5.89.

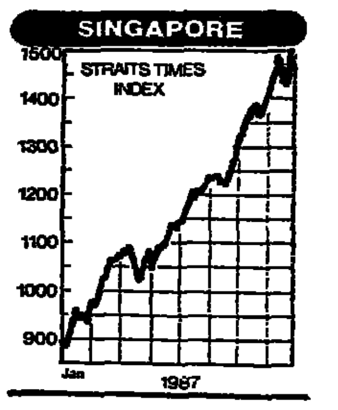
Bell Group, which reported higher annual profits, added 40 cents to A$9.80, while Bell Resources topped actives with 4.5m shares traded, rising 6 cents to A$5.40.

SINGAPORE

BLUE CHIPS led Singapore to a record in moderate trading which lifted the Straits Times industrial index 31.04 to 1,502.77 for a two-day gain of almost 67 points.

The improved trade figures continued to buoy the market, as did reports that the Malaysian economy would show a recovery this year.

Buying was also driven by hopes that the Jurong Shipyard flotation would be heavily oversubscribed, and that funds from unsuccesful applications would soon return to the market.



Among companies reporting higher half-year results, Prima added 20 cents to S$7.10 and Dunlop Estates 4 cents to S$1.63.

Blue chip gains included Fraser and Neave, 50 cents higher at S$14.20, Genting, up 30 cents at S$7.55, and Haw Par, which advanced 15 cents to S$6.35. Banks were all strong performers.

SOUTH AFRICA

NEWS that talks had started in the South African mining dispute lifted the Johannesburg market, and shares were also supported by a steady gold price and financial rand.

Gold shares to rise included Vaal Reefs, up R18 at R476, Randfontein, R1.50 higher at R442.50, and Driefontein, also R1.50 ahead at R91.50.

Most other miners followed the trend, with De Beers up 75 cents at R53.50 and Rustenburg Platinum 38 cents stronger at R59. Financials saw Gencor add 50 cents to R68.50 and Anglo American rise R1.10 to R89.35.

Industrials were mixed to firmer.

Finland considers partial state sell-off

FINLAND'S coalition Government is discussing plans to introduce four of the country's biggest state-owned companies to the Helsinki stock exchange in a bid to tap the market for capital, according to government officials, Reuter reports.

Those considered for listing are Valmet, the metals and engineering group; Outokumpu, the metals producer; Veitsiluoto, the paper group; and Kemira, the chemicals and fertiliser company.

Details of the scheme have not been agreed, but Mr Ilkka Suominen, the Trade and Industry Minister, told a news conference yesterday that the state would retain a majority in all the companies.

Ministry officials said the plan, part of the four-month-old Government's 1988 budget proposal, might be agreed this autumn, but added that the companies were unlikely to appear on the exchange before next year at the earliest.

"We've been discussing this for years. But this week the conservatives again re-opened the subject in budget talks with their coalition partners," said Mr Markku Makinen, head of the Trade and Industry Ministry's industry department.

"I think the Social Democrats are ready to accept the move as long as the state keeps a 68 per cent share in the companies. But I don't think anything will happen before next year," he added.

Industry analysts said the move could be the first significant economic policy change by Conservative Prime Minister Harri Holkeri's coalition.

The four-party Government was formed in April 1987 after the March general elections returned the Conservatives to power for the first time in 21 years.

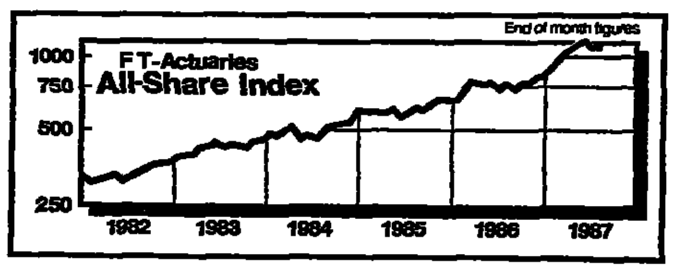
Analysts said the talks so far seemed to be a compromise between the Conservatives' traditional call to privatise state-owned industry and resistance to such moves by the powerful Social Democrats, who led the previous Government.

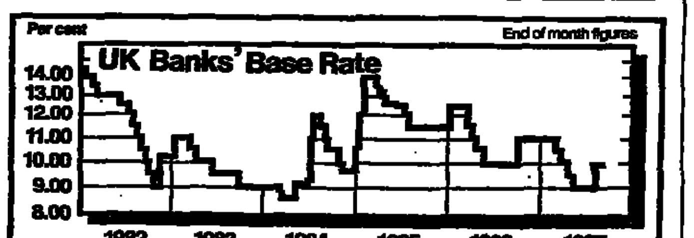
Mr Makinen said it was too early to say whether foreigners would be able to buy shares in the four companies under the plan, if it were approved.

"But I imagine the scheme would use a foreign shareholders' quota of 30 per cent of each company's share capital, in accordance with existing securities laws for other Finnish industrial concerns. This can later be increased to 40 per cent with the Trade and Industry Ministry's approval," he added.

Social Democrat Party leaders said they were willing to seek an agreement with the Conservatives later this year.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Aug 25	Prev	Year ago
NEW YORK			
DJ Industrials	2,722.42	2,697.07	1,871.77
DJ Transport	1,091.41	1,089.17	761.75
DJ Utilities	209.82	208.75	214.37
S&P Comp.	336.77	333.33	247.81
LONDON FT			
Ord	1,768.5	1,752.1	1,276.6
SE 100	2,248.1	2,225.1	1,629.80
A All-share	1,144.71	1,134.37	798.38
A 500	1,261.33	1,251.29	877.07
Gold mines	424.2	416.5	246.0
A Long gilt	10.00	9.94	9.42
World Act Ind (August 24)	139.67	138.93	100.51
TOKYO			
Nikkei	25,643.39	25,754.33	18,565.6
Tokyo SE	2,148.39	2,161.24	1,548.42
AUSTRALIA			
All Ord.	2,102.5	2,085.6	1,179.2
Metals & Mins.	1,340.2	1,327.5	543.4
AUSTRIA			
Credit Aktien	213.08	213.02	239.35
BELGIAN SE			
	5,356.40	5,381.00	3,868.08
CANADA			
Toronto			
Met.& Mins.	3,272.5	3,276.1	2,022.0
Composite	4,033.7	4,020.2	3,017.3
Montreal			
Portfolio	2,019.76	2,005.24	1,509.87
DENMARK SE			
SE	—	212.42	198.90
FRANCE			
CAC Gen	416.90	415.50	402.4
Ind. Tendance	(uch)	107.40	97.74
WEST GERMANY			
FAZ-Aktien	655.29	658.27	698.65
Commerzbank	2,014.40	2,026.50	2,102.2
HONG KONG Hang Seng	3,447.30	3,391.26	(c)
ITALY Banca Comm.	595.99	601.10	812.08
NETHERLANDS ANP CBS			
Gen	323.40	325.50	293.7
Ind	274.10	275.80	235.7
NORWAY Oslo SE	529.35	537.52	380.09
SINGAPORE Straits Times	1,502.70	1,471.40	813.79
SOUTH AFRICA JSE			
Golds	–	2,300.0	1,689.0
Industrials	–	2,211.0	1,298.0
SPAIN Madrid SE	292.05	289.09	196.47
SWEDEN J & P	3,016.20	3,057.80	2,517.55
SWITZERLAND Swiss Bank Ind	670.10	673.70	561.5

COMMODITIES (London)

	August 25	Prev
Silver (spot fixing)	477.00p	467.80p
Copper (cash)	£1,066.50	£1,018.50
Coffee (November)	£1,312.00	£1,281.00
Oil (Brent Blend)	$17.65	$17.475

GOLD ($/oz)

	August 25	Prev
London	$458.25	$459.75
Zürich	$458.55	$460.75
Paris (fixing)	$456.92	$454.71
Luxembourg	$458.95	$456.95
New York (Dec)	$465.80	$469.50

CURRENCIES (London)

	US DOLLAR Aug 25	US DOLLAR Previous	STERLING Aug 25	STERLING Previous
$	–	–	1.6185	1.6310
DM	1.8230	1.8160	2.95	2.9625
Yen	143.20	141.95	231.75	231.5
FFr	6.095	6.0725	9.865	9.905
SFr	1.5035	1.4965	2.4325	2.44
Fl	2.0550	2.0470	3.325	3.3375
Lira	1,320	1,316.5	2,136	2,147.25
BFr	38.90	37.75	62.95	61.60
C$	1.3195	1.3215	2.1355	2.1575

INTEREST RATES

	Aug 25	Prev
Euro-currencies (3-month offered rate)		
£	10⅛	10⅛
SFr	3¹⁵⁄₁₆	3¹⁵⁄₁₆
DM	3⅞	3¹⁵⁄₁₆
FFr	8¼	8⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	7	7¹⁄₁₆
6-month US$	7¼	7¼
US Fed Funds	6¹³⁄₁₆*	6⅝
US 3-month CDs	6.70*	6.875
US 3-month T-bills	6.17*	6.34

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 25 (Sept)	89-21	89-27	89-07	89-06
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.90	93.85	93.75	93.80
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.86	92.88	92.85	92.85
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	114-00	114-10	113-27	114-20

US BONDS

Treasury

	August 25 Price	August 25 Yield	Prev Price	Prev Yield
7⅞ 1989	99²⁹⁄₃₂	7.74	94⁷⁄₃₂	7.76
7 1994	97⅛₂	8.53	97	8.58
8½ 1997	99¹⁵⁄₃₂	8.72	99	8.77
8⅞ 2017	99⁵⁄₃₂	8.94	98¹⁵⁄₃₂	8.98

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	August 25 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.68	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	August 25 Price	August 25 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	93.25	6.52	93.30	6.50
SCBT South Central 10⅞ Jan 1993	102.0	10.39	102.00	10.39
Phibro Sal 8 April 1996	90.20	9.70	90.23	9.70
TRW 8⅞ March 1996	95.97	9.45	95.69	9.50
Arco 9⅞ March 2016	99.29	9.95	98.83	10.00
General Motors 8⅞ April 2016	82.78	9.95	82.39	10.00
Citicorp 9⅞ March 2016	91.96	10.25	89.46	10.55

Source: Salomon Brothers

* Latest available figures